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# *The Australian Outlook*

THE JOURNAL OF THE AUSTRALIAN  
INSTITUTE OF INTERNATIONAL  
AFFAIRS.



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VOLUME 2. No. 4

DECEMBER, 1948

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The Outlook for Peace	- - -	Norman L. Cowper
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(Incorporating *The Austral-Asiatic Bulletin*)

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## The Outlook for Peace.

*Norman L. Cowper.*

Anyone who undertakes a survey of international affairs at present soon finds himself wallowing in despair. The world is on the edge of war, and it is hard to find any solid reason for supposing that war can be avoided.

Gloom is deepened when we look back upon the rosy expectations of permanent peace that many of us had—perhaps not unjustifiably—during the twenties and the early thirties. Then the Allies had emerged victorious from the 1914-18 War and had set up the League of Nations to settle disputes by peaceful means. Germany was disarmed and weakened. Soviet Russia, crippled and exhausted by war, revolution, and civil conflict, seemed of little account. The United States had withdrawn into its isolationist shell. Britain with her still mighty navy, and France with her powerful army appeared to be the arbiters of destiny, and as they were both liberal democracies, as both had lost any illusions regarding the glory and profits of war, and both had claims to be described as civilised and enlightened communities, it was thought that they could and would work together and bring about the rule of law in international affairs.

Mankind had and threw away a great opportunity during this period. If Britain and France had had more confidence in one another, if the countries which were members of the League of Nations had been prepared to surrender a part of their sovereignty, if Britain had been willing to join France in insisting that Germany remain disarmed and that the Versailles treaty (other than the reparations clauses) be observed, if the conservatives and propertied classes in France and Great Britain had been less disposed to nervous flirtations with Fascism, above all, if the men and women constituting the electorates of the United Kingdom and the British Dominions and France and Scandinavia and the countries of the Little Entente had realised that it is not possible to achieve the rule of law without fighting for it, or at any rate being ready to fight for it, the recent war would not have taken place. If war had not come, Europe would to-day be rich and stable, Britain and France would

still be very powerful factors in international affairs, the United States would eventually have come to play its part on the right side, there would have been some chance of both Germany and Soviet Russia co-operating with the rest of the world in the councils of the League of Nations, and the League itself would have had a prestige and authority which would have made it a formidable instrument of peace.

Instead we have to-day the two Colossi bestriding the eastern and the western worlds. On the one hand there is Soviet Russia, with an enormous population, occupying an immense area.

The U.S.S.R. is not only the largest country in the world, but possibly the richest. Only rubber—of all the essential industrial materials—is lacking. Her supplies of timber are quite unrivalled, as are her reserves of waterpower. The Soviet Union has reserves of oil probably equal to those of all other countries combined. Nickel supplies are second only to those of Canada, while there are more iron, more manganese and probably more gold than in any other state. Many other minerals are in adequate or even good supply. There are great fertile regions of varying climates and ample pastoral country.

Under the Tsars Russia remained backward and comparatively undeveloped. In the last quarter of a century astonishing material progress has been made. As an indication of what has been achieved, Miss Gibberd states in her book published by the R.I.I.A., that if, for the period from 1929 to 1938, the rate of increase in general production in the U.S.S.R. be compared with the rate of increase in Germany, which, after Soviet Russia, made more advance than any other country, it will be found that, whereas German total production rose during the period by about one-quarter, Russian production increased five-fold.

Nevertheless, while it is well that we should not underrate the power of Soviet Russia, that country has a vast gap to bridge before she can equal the productive capacity of the United States. The lee-way of a century cannot be made up in twenty-five years. Nor can you in a couple of generations transform hordes of illiterate peasants, herdsmen and nomads into a skilled industrial population. Furthermore, in the recent War almost the whole of the western half of European Russia suffered appalling devastation. The true need of the U.S.S.R. at present is not another war, but twenty years of peace.

Unfortunately, the policies of nations are not always dictated by

enlightened self-interest; and in assessing the likelihood of war we must try to look into the minds of those who determine Soviet policy. The amorphous mass of the Russian population is held together by the steel framework of the Communist Party. The line to which the members of that Party undeviatingly adhere, no matter what surprising twists it may occasionally take, is laid down by the Politburo at Moscow. Those who comprise this small group are the dictators who govern the destinies of 167 millions of their fellow-countrymen. They are the leaders whom the rank and file of the Communist Party follow with unquestioning obedience. And the minds of leaders and followers alike are possessed by beliefs which they hold with the dogmatism and fervour of a fanatical religion. Amongst these beliefs are: that parliamentary democracy is a sham, designed to keep the masses in subjection; that true democracy can be brought about only by expropriating and liquidating propertied interests, and establishing the dictatorship of proletarian elements; that at the present stage of human history the overthrow of the capitalist structure everywhere by a proletarian revolution is necessary and inevitable, and that it is the duty of every true believer to hasten it; that every capitalist society carries the seeds of its own destruction; that in particular it suffers from recurring booms and slumps, each slump being worse than the last; that it inevitably seeks escape from its difficulties in war; and that in present circumstances the capitalist societies of Western Europe and the U.S.A. are foredoomed—are compelled by the very logic of their being—to go to war against the great homeland of Communism. They ridicule the possibility of capitalistic and communistic states co-existing in peace.

Traditionally the Russian is not fond of foreigners. The fate of some of his predecessors, like Litvinov, who have permitted the softening winds of common sense and enlightenment to blow into their minds from the West, would not be likely to encourage a present member of the Politburo to open the window. If he found himself for a moment listening to Cromwell's celebrated admonition, "Gentlemen, in the bowels of Christ I beseech you, to believe it possible that you may be wrong!", he would know that he was due for the torture, the confession, and the pistol shot in the back of the neck, which are the rewards of him who deviates from the Party Line. And the military achievements of the last years of the recent war have made the rulers of Soviet Russia confident and arrogant. There is not much room for hope that the minds of these men are disposed towards peace.

On the other hand there is the United States, with natural resources almost equal to those of Soviet Russia, and productive capacity at present far greater. Her immense population is literate, and skilled in the handling of machines. It is not subject to the iron discipline of the peoples of the Soviets, but in the last war America built and manned a Navy incomparably more powerful than any the world had known, provided an Air Force with terrible striking power, sent forth into every theatre of war gigantic armies magnificently equipped, performed miracles of organisation, produced many great commanders, and, in short, showed an unequalled capacity for planning and waging war. The United States is immature, inexperienced and often maladroit in her handling of foreign affairs. But her people have an aggressive belief in themselves, in their way of life, and in the virtues of private enterprise and democratic capitalism. Made confident, even a little arrogant, by their achievements and the knowledge of their country's astonishing power, they are convinced of the futility of appeasement, and are prepared for war if that is the alternative. The fumbling diplomacy of the early post-war period has settled into a firm resolve not to yield to Russian expansionism, any time, anywhere.

What is there in all the world to be the arbiter between these tremendous opposites, or to weigh down the balance on one side or the other? Japan is beaten and knocked out of the ring, China an inert mass. Great Britain lies exhausted after heroic efforts in two wars, efforts far beyond her intrinsic strength. Europe is devastated, disorganised, struggling for life.

It is difficult indeed to find reasons why war should not come. At any moment the smouldering antagonisms may burst into flame in Berlin, Scandinavia, Greece, Italy, Turkey, the Middle East, or Korea. Indeed, there are those who urge that the sooner it comes the better. If it comes now, they say, it will be terrible, but we, the western democracies, will win. If it comes in five or ten years' time it will be far more terrible, and we may not win. Such people are, in effect, clamouring for a preventive war. I believe that such a war would be both immoral and inexpedient. To have gone to war in the early thirties against a half-armed Germany in the name and under the authority of the League of Nations and for the purpose of restraining breaches of the peace and infringements of treaties—that would have been police action, wholly justifiable, and with every chance of success. But now, with the world divided into two heavily-armed groups, for one of them to attack the other would be criminal folly. It would be immoral because it would be in breach



of the United Nations Charter and a crime against whatever law there is in international relations. It would be inexpedient for a multitude of reasons, not the least of which is that the western democracies can only hope to rally their people in support of a war which is forced upon them.

Those who call for a preventive war believe that the possession of the secrets of atomic warfare and a stock-pile of atomic bombs would be decisive in favour of the United States and her allies. Would that be so? Soviet Russia is reputed to have four million men under arms to-day, and if she were attacked to-morrow she has such a preponderance of military force readily available that her armies would quickly over-run the whole of Western Europe. What then? Are we to unloose atomic bombs upon the cities of France, Holland, Denmark and Belgium? If we did, her armies would remain intact, and, apart from destroying the last vestiges of European culture and civilisation, we should have accomplished little. Ah, but let us bomb out of existence the cities and productive centres of Russia itself! I doubt whether it would be practicable to bomb Moscow and Stalingrad, except from secure bases on the mainland of Europe, to gain which a full-scale offensive, on the lines of the invasion of Normandy, and taking nearly a year to mount, would be required. Even supposing that crushing air superiority over the Russian homeland were established, so that the principal cities of Russia were bombed into extinction, would the war be won? The U.S.S.R., by reason of its vast area and the degree of dispersion of its industries, is better able than any other country to withstand an atom-bomb offensive. The war would only be won if and when a stupendous area of Russia had been occupied by ground troops, and that could not be accomplished without years of fighting, during which the western nations would have to deploy forces and put forth efforts at least equal to those which were needed to defeat the Axis. A preventive war in these circumstances is a counsel of madness.

What policy is open to France, the British Empire, the United States, and the smaller nations who must stand or fall with them? It can be simply stated. Between themselves, the closest co-operation and mutual support: towards the Soviet Union, wise restraint and iron firmness, provided that firmness is backed by adequate force. The threat to peace comes not so much from the dynamic of aggression which is in every dictatorship, nor from the Russian conviction that sooner or later events will force the capitalist states to attack the Soviet homeland, nor from the militant creed of Communism, as from the fact that all these things are combined with

the Soviet leaders' knowledge that they have at their command at this moment overwhelming military strength. Conversely, the best way to prevent war is to induce in the minds of those leaders a lively expectation that war may bring disaster.

Perhaps the stern determination of the American and British people not to yield to pressure, but to re-arm and be ready for war if it comes, will ensure the continuance of peace. It is on the cards that the world will teeter on the edge of war for years to come, but will never take the plunge. If that is what the future holds for us, then there is good hope for mankind. For already there is a glimmer of light. A striking article by Sir Harold Butler in *Foreign Affairs* for July describes how the Marshall Plan has given a great impetus to the movement for *European unity*. The author refers to the Brussels Pact and the Franco-Italian customs union, the establishment of the Economic Council of Europe, the convening of a constituent assembly to frame the constitution of a federation, the public interest in the meeting of the "Congress of Europe" at The Hague. And he points out that the Russians realised as soon as anybody that the new movement might mean rapid recovery in Western Europe and its emergence as a new Great Power closely linked with the United States and the British Commonwealth, which would block the advance of the Communist Empire.

The immediate reaction of the Kremlin was a vigorous counter-movement. Communist power was consolidated in Rumania, Hungary, Poland, and finally in Czecho-Slovakia, by the suppression of the liberal and peasant parties and the forcible absorption of the Socialists. Apparently the revolt of Tito and his Yugoslavians was occasioned by an attempt to bring them under more rigid control.

Butler analyses the effect of this Russian offensive. It brought the antagonism between communists and socialists to breaking point. All over Western Europe socialists and middle parties are uniting in common hatred of communism, and are finding that their abhorrence of it is stronger than the acute differences over state enterprise and capitalism which have divided them. The fear of Soviet Russia has stopped the fatalistic drift to the extreme Left and is promoting an understanding between all who are opposed to communism on the lines of the endorsement of the social objectives of the socialists and a large measure of state planning, coupled with a large measure also of free enterprise.

"The danger of offending Russia by creating a western bloc has been shown by a lightning flash to be far less formidable than the



danger of the disunited countries of Western Europe being swallowed up one by one. The Russians had succeeded in creating the political and psychological conditions without which there could be no possibility of pulling the West together." Butler points out that if Western Union became a reality the danger of war would be remote. The combination of its two hundred and fifty million people would mean the rise of a new Power of immense importance, which would of necessity be closely linked with the British Commonwealth and the United States, and be a potent influence for peace.

The following definite steps towards the "integration" of Europe have been taken:

(a) on the 17th March, 1948, a treaty of economic, social and cultural collaboration and collective defence was signed at Brussels between the Benelux countries (Holland, Belgium and Luxembourg) and Great Britain and France, and the Consultative Council created by it has already held many meetings;

(b) on the 28th September, 1948, in pursuance of the Brussels Treaty, a Permanent Joint Defence Organisation was set up and Field Marshall Lord Montgomery has been freed by the British Government from his appointment as Chief of the Imperial General Staff and is now the head of a single General Staff, which is charged with the task of working out the details of a common defence policy for the five signatory powers;

(c) on the 16th April, 1948, in pursuance of the Marshall programme for aid by the United States towards European recovery, the Convention for European Economic Co-operation was entered into between the 16 Governments of western European countries participating in the European Recovery Programme, also Western Germany. The Organisation for European Economic Co-operation (O.E.E.C.) has been set up in Paris, with a Council, an Executive Committee, and a Secretary-General, and seems at present to be functioning vigorously.

Advocates of Western Union point out—rightly, I think—that more than "co-operation" is needed. Neither the Council nor the Executive of the O.E.E.C. has any power to enforce its decisions, and compliance depends upon the wills of seventeen separate States. Without sovereignty, which is an essential attribute of the Union, the O.E.E.C., they assert, can never really direct the economic recovery of Europe. It will be as ineffectual as the Federal Council of Australasia, which was set up in 1885 to secure the removal of trade barriers and provide for political and economic co-operation

between the six Australian colonies and New Zealand. Nothing less is required than the creation of a federal parliament and government for Europe, which will have sovereign powers in respect at least of trade and commerce between the constituent nations, currency and coinage, taxation for limited purposes, defence and foreign affairs. What, then, is the prospect of such a body being formed?

I believe that the Governments (as at present constituted) of the Benelux countries and France would respond to the Interlaken Appeal (made by the conference of the European Parliamentary Union for a European Assembly to be convened to draft a constitution for the United States of Europe) if Great Britain also were prepared to heed it. But the British attitude towards Western Unity is one of cautious and distrustful approval. In the House of Commons on the 22nd January, 1948, Mr. Ernest Bevin declared that Britain would make it a major objective of her foreign policy to join with the other free democracies of Europe in forming a Western Union. But he qualified this immediately by making it clear that he was opposed to anything in the way of a federation at present, and considered that the right course was a gradual approach to union by small steps of *ad hoc* co-operation. It is scarcely a programme which is likely to bring a strong United Europe nearer in this generation, but is influenced by (amongst other things) the present weakness and the incalculable future of France. It is understandable that Britain does not want to be committed to the risks and uncertainties of a European federation, when her principal partner would be a country in such a condition as that of France today. It is impossible, I am afraid, to be optimistic about the likelihood of a strong United States of Europe being established in the foreseeable future.

We are at a critical moment in history. The next year or two will see the answers given to two vital questions. Can Western Europe pull itself together and achieve a substantial and effective degree of unity? Will the rulers of the Soviet Union risk war with the western world in order to establish a world-wide Communist Empire? If the answer to the first is No, and to the second Yes, the civilisation we have built on the foundations inherited from Greece and Rome will perish. If the answer to the first question is Yes, and the second No, then our children and our grandchildren will be living in a world far better than our own.

# Canadian Economic Problems and Policies:

## Comparisons with Australia (I).\*

*Benjamin Higgins.*

The structures of the Australian and Canadian economies, and the economic problems faced by these two Dominions, are strikingly similar. Accordingly, the experience of either country in its attempts to deal with these problems is highly pertinent to the economic policy decisions of the other. In Canada, Australian economic and political developments are closely watched, because of the bearing that Australian economic policies have on current controversies in Canada. The purpose of this paper is to indicate the similarities and differences between the Canadian and Australian economic problems, to outline the manner in which the Canadian Government is attacking Canada's economic problems, and to suggest some implications of Canadian experience for economic policy in this country.

Perhaps the most fundamental economic characteristic of both Australia and Canada is a small population in an enormous area. In 1947, Australia had a population of about 7.6 million, living in an area of nearly 3 million square miles; density of population was accordingly 2.6 people per square mile. Canada had a population of 12.6 million, an area of 3.7 million square miles, and a density of 3.4 per square mile. Moreover, in both countries the population is concentrated into a tiny fraction of the total area of the country: in Australia, in the crescent-shaped strip along the eastern and southern coast, plus the patch in the south-west; in Canada, in the narrow strip along the 4,000 miles of "undefended border".<sup>1</sup> In both countries, a large proportion of the population lives in urban centres. However, Australia is even more highly urbanized than Canada, having 50 per cent. of its

\* Part II will be published in the next issue.

1. It is perhaps worth remarking that the border is "undefended" partly because Canada could not possibly defend it. It is difficult enough to defend it against American propaganda, ideologies, moods, inflations, and depressions, let alone against military aggression!

population in 7 capital cities, and 33 per cent. in the 2 metropolitan centres. In Canada only 28 per cent. of the population lives in the 10 capital cities, and only 18 per cent. in the metropolitan centres of Montreal and Toronto.

The two countries are alike also in having a highly regionalized economic structure. Each country can be divided into 5 or 6 major regions, among which there are vast differences in degree of development, industrial organization, and density of population. Mr. K. J. Binns even suggest rough parallels within the regional structure.<sup>2</sup> The Maritime Provinces of Canada are analagous to Tasmania in their geographic isolation from the rest of the country and the importance of marine industries; but this parallel must not be pushed too far, since the Maritimes were the first region of Canada to develop industrially, and in some respects are already in the phase of economic decline, which can probably not be said about Tasmania. Quebec and Ontario, which have between them about two-thirds of the Canadian population and the bulk of Canadian industry, compare roughly to New South Wales and Victoria. The Canadian Prairie Provinces, with their very low density of population and their specialisation in agriculture, compare to Southern and Western Australia. British Columbia and Queensland are alike in being rapidly developing frontier areas; and the great empty spaces of Canada's Yukon and North-west Territories are much like Australia's Northern Territory, in terms of contribution to economic life, although the former are mainly arctic waste and the latter mainly desert waste.

The similarity of the overall economic structure is also indicated by the composition of gross national product in the two countries (see Table I). In both countries, consumer spending constitutes about two-thirds of gross national product or income, and private investment about one-fifth, although Canada in 1947 was devoting a somewhat higher share of income to investment purposes than Australia was in 1947-48. It is interesting to note that although Australia has a so-called Socialist Government, and Canada a Liberal Government, with no socialist ideology, the share of gross national income originating in Government expenditure on goods and services is almost identical in the two countries. It is also interesting to note (Table II) that a slightly higher share of national income goes to wages and salaries in Canada than in Australia. However, a larger share also goes into investment incomes, and a lower share to agriculture. Exports are responsible for a very

2. K. J. Binns, *Federal Financial Relations in Canada and Australia*, Hobart (Government Printer), 1948. p. 1.

large proportion of total income in both countries (Table I), which leads to a great deal of emphasis on foreign trade policy, and perhaps to over-emphasis on the importance of "outside influences" in internal economic developments. In both countries, however, the export surplus, which is in some respects a more important factor in economic developments, is a very small fraction of gross national income.

TABLE I

## STRUCTURE OF GROSS NATIONAL PRODUCT

	Canada 1947		Australia 1947/48	
	\$ millions	% of Total	£ millions	% of Total
Consumption .....	8,711	67%	1,208	65%
Private investment .....	2,822	22%	355	19%
Government expenditure				
on goods and services	1,500	12%	239	13%
Exports .....	3,538	27%	406	22%
Imports .....	-3,576	-27½%	338	-19% 3%
Gross National Product .....	13,052	100	1,870	100

Source: Canada: Dominion Bureau of Statistics, *National Accounts Income and Expenditure Preliminary 1947*; Australia: Commonwealth of Australia: *National Income and Expenditure 1947/48*.

TABLE II

## DISTRIBUTION OF NET NATIONAL INCOME AT FACTOR COST

	Canada 1947		Australia 1947/48	
	\$ millions	% of Total	£ millions	% of Total
Salaries, wages, etc. ....	6,208	57%	894	55%
Investment income				
(Net rent, interest, and corporate net profits) .....	2,060	20%	269	17%
Net income of agriculture and other unincorporated business .....	2,467	23%	450	27%
Surplus of public enterprise	—	—	22	1%
Net national income at factor cost .....	10,735	100	1,635	100

Source: Canada: Dominion Bureau of Statistics, *National Accounts Income and Expenditure Preliminary 1947*; Australia: Commonwealth of Australia: *National Income and Expenditure 1947/48*.

The two countries are also alike in having a federal political structure, and so in having to overcome conflict between central

and intermediate Governments in the formulation and execution of economic policy. Superficially, the constitutional situations in the two countries are diametrically opposed, since in Canada the residuary powers are accorded to the Dominion, whereas in Australia they are accorded to the States. However, because of the wide range of powers specifically accorded to the provinces under the constitution and subsequent Privy Council decisions, the actual difference in the central government's power to pursue a national economic policy is actually not so great. The provinces have jurisdiction over property and civil rights within the province, over all matters of a merely local or private nature in the province, and over hospitals, asylums, charities, and eleemosynary institutions, which has been interpreted to include social welfare and relief. Moreover, while the Dominion was granted unrestricted tax powers and the provinces were confined to "indirect" taxes under the constitution, the interpretation of "indirect" has been so broad that in fact provinces have been able to impose virtually all kinds of taxes except customs duties.

### **Some Fundamental Differences.**

In Canada, the limitations on the powers of the Central Government to develop an integrated economic policy for the country as a whole are greatly aggravated by the complexity of Canadian political life, which far exceeds that of Australia. Whereas in this country the Party in power in Canberra is also in power in three of the six states, and is the official opposition in the other three, in Canada the Liberal Party, which forms the Government at Ottawa, is in power only in the three smallest and weakest Provinces, and is the official opposition in only three others. The other six provinces have six distinct parties in power (see Table III). Clearly, the task of obtaining agreement between the Dominion and Provincial Governments in Canada is far greater than the task of getting agreement between the Commonwealth and State Governments in this country.

The constitutional position of the Dominion in the field of money and banking is too strong and too clear to be seriously challenged by the Provinces, and it is therefore highly unlikely that a conflict over Federal banking legislation could arise in Canada as it has here in Australia. On the other hand, unless the socialist Co-operative Commonwealth Federation party comes to power, it is highly unlikely that the question of bank nationalization will become a serious issue in the near future. In Canada nationalization is hardly necessary for government control over



TABLE III

## COMPOSITION OF PROVINCIAL GOVERNMENTS

CANADA	GOVERNMENT	OPPOSITION
Prince Edward Island	Liberal (24)	Conservative (6)
Nova Scotia	Liberal (27)	Co-operative Commonwealth Federation (2)
New Brunswick	Liberal (36)	Conservative (12)
Quebec	United National (52)	Liberal (33)
Ontario	Progressive Conservative (65)	Liberal (12)
Manitoba	Coalition (Liberal-Progressive) (26)	Co-operative Commonwealth Federation (14)
Saskatchewan	Co-operative Commonwealth Federation (47)	Liberal (5)
Alberta	Social Credit (35)	Independent (15)
British Columbia	Coalition (35)	Co-operative Commonwealth Federation (10)

Source: Canada Year Book.

the flow of credit through the banking system. The Bank of Canada, which was wholly nationalized in 1938, without any political flurry, can control the volume and even the allocation of credit, through its open market policy and directives. Since 44 per cent. of the assets of the chartered banks are in the form of Dominion-Provincial securities, and 32 per cent. of assets are in Government securities maturing in more than two years, the Central Bank is able to maintain close control of chartered bank cash through its purchases and sales of Government securities. The chartered banks cannot risk a serious decline in the value of Government securities, which constitute so large a share of total assets; and they know that the Bank of Canada can undermine the security market if it wishes to do so. Partly for this reason, the Bank of Canada is beginning to establish the sort of "discipline" in the banking field that the Bank of England has long exerted; the chartered banks tend to respect the stated wishes of the Central Bank even where they are not legally obliged to do so. The situation in Australia is quite different in this respect. The open market for government securities is very narrow, and government and municipal securities constitute less than 12 per cent. of trading bank assets; Treasury Bills constitute only another 3 per cent.

Although Canada is older as a political unit, the Dominion having been established under the British North America Act in

1867, there is some evidence that Australia is the more mature economy. The available figures are not strictly comparable; but such as they are, they suggest that Canada still has a significantly larger share of its labour force occupied in primary production, including mining, than Australia. The proportion of the labour force in construction seems to be about the same, and the proportion in industry appears to be larger in Canada; but the proportion engaged in finance, commerce, administration, the professions, transport, and other services, seems to be considerably higher in Australia. A small proportion of the population in primary production, and a large proportion in finance, distribution, administration, and the like, is one feature of an advanced economy; and in this respect, therefore, Australia is a more mature economy than Canada.

The rate of population growth in Australia is also considerably below that of Canada. In 1944, the Australian birth rate was below the Canadian, and the death rate was slightly higher. The rate of natural increase was 11.46 per thousand in Australia, and 14.1 per thousand in Canada. A similar discrepancy appeared in the gross and net production rates in the two countries. Projecting present trends, Australia would reach a maximum population of 8 millions in 1980, so far as natural increase alone is concerned, whereas Canada would not reach its maximum of 14 millions until about ten years later. Moreover, net immigration into Canada since the war has been substantially higher, even in per capita terms, than it has been in Australia. Thus Australia is more mature than Canada, in terms of the approach to a stationary population.

The relative possibilities of industrial expansion are of course a good deal harder to assess, but a somewhat superficial examination would suggest that Australia is nearer the limit of her industrial growth than Canada is. Canada is retracting her western frontier, but still has a promising frontier to the north. Canada has more abundant and cheaper power, and her readier access to the United Kingdom and United States markets makes more feasible the large-scale industrial production that is necessary if the most efficient techniques are to be utilized.

There is a marked difference between the approach to economic policy questions by the Liberal Government in Canada and the Labour Government in Australia. There is probably as much Government ownership and as much Government intervention in the Canadian economy as in the Australian; but ownership and intervention in Canada have no socialist or any other stated ideology behind them. Perhaps the chief genius of Mackenzie King, who, except for a few months in 1926 and one Conservative administra-



tion in the 1930's, was Prime Minister continuously from 1921 until a few months ago, lies in his ability to get things done on an "ad-hoc" basis, without ever suggesting any *philosophy* of Government control. Top-ranking civil servants, it is true, are guided in their recommendations to the Cabinet by a fairly systematic "Keynesian" ideology; and economic policy since 1939 clearly bears the imprint of this ideology. The Cabinet itself has been receptive to Keynesian ideas, especially during the war period; but no attempt has been made to sell policies to the electorate on the basis of Keynesian or any other ideology.

The difference in approach is in part a product of the difference in background of the two Prime Ministers. Whereas Mr. Chifley has risen to power through the labour ranks, Mackenzie King is an intellectual, who began life as a professional economist, with a Ph. D degree from Harvard University. His early training as an economist inculcated in him a respect for scientific economic analysis, and a political outlook that was liberal with a small "l" as well as with a large one, which have guided him on many issues throughout his long career.

Another significant difference is in the structures of foreign trade of the two countries. As shown in Table VI, the United Kingdom is a considerably more important market for exports,

	Australia 1947/48		Canada 1947	
	£ 000's	% Total	\$ millions	% Total
Exports to:				
United Kingdom .....	150.5	37	751	27
United States .....	35.2	8	1,134	41
Western Europe .....	79.5	55	889	32
Orient .....	48.7			
Other .....	97.3			
Total .....	411.2	—	2,774	—
Imports from:				
United Kingdom .....	132.2	39	189	7
United States .....	66.8	19	1,975	77
Western Europe .....	21.4	42	410	16
Orient .....	13.6			
Other .....	105.0			
Total .....	399.9	—	2,574	—

Source: Australia: Commonwealth Bureau of Census & Statistics, *Overseas Trade Statistics*, June, 1948; Canada: Dominion Bureau of Statistics, *Statistical Review*, March, 1948.

and a very much more important source of imports, for Australia than for Canada. The United States is incomparably more important to Canada than to Australia, both as a market for exports and as a source of imports. Western Europe plays a relatively unimportant role in Canadian trade, but provides Australia with a bigger export surplus than any other major geographic area.

### **Canada's Long-run Economic Problems.**

The story of Canada's economic growth from Confederation to World War I is primarily a story of geographic expansion, settlement of new territories, and discovery and exploitation of new natural resources. The story of Canadian economic development since 1913 is the story of a nation's approach to industrial maturity.

In the course of a single generation, Canada has changed from a country producing and exporting mainly primary products, to a country producing and exporting mainly manufactured goods. This development is the natural one for a country that starts its life with the great advantages of abundant resources and a small, vigorous population. Economic growth in such countries requires foreign capital to begin with, but as high levels of income are reached, the nation is able to save enough to finance its own economic expansion, and even, as in Canada's case, to become a net foreign lender as well.

The general course of Canadian economic development would probably have been much the same had there been no major wars in the twentieth century; but it would probably have been less fast. The two world wars, far from "distorting" the Canadian economic structure, accelerated trends that were clearly discernible before each war began. They provided opportunities for profitable expansion of industrial plant and equipment, by enlarging the world demand for industrial products, while reducing some of the traditional sources of supply. Perhaps even more important, the opportunities for large-scale industrial production afforded to Canada by war, revealed to Canadian workers and managers a highly significant fact: given a market big enough to permit the use of the best large-scale production techniques, Canadian industry can compete successfully in many lines of manufacturing with any country in the world.

There is every reason to suppose that Canada's future will be one of continued industrialization. However, the pace of industrialization has been and will continue to be very uneven from one region to another. The income and employment of several vast regions will still depend mainly on the production and export of

primary products, in the foreseeable future. To be prosperous, Canada must produce and export increasing quantities of *both* primary and manufactured goods, for many years to come.

Nor is the present dual nature of Canada's economy the only problem arising out of Canada's approach to economic maturity. There are several factors that will make the maintenance of a high level of income and employment after the present boom is over more difficult than it was before World War I. As indicated above, in 1913 Canada came to the end of a period of enormous expansion, based on opening up the West, and financed to a large extent by foreign capital. The construction of railways, highways, and new cities and towns, the provision of agricultural implements, and meeting the other needs attendant on the development of a frontier, called for investment in huge quantities. During the 'twenties, the last stages of this expansion of the West were completed; indeed, signs of retraction already appeared. During the 'thirties, it became clear that Canada's Western frontier had been over extended in some respects. Wheat prices fell to 40 cents per bushel, farmers burned wheat for fuel, one-third of Saskatchewan's families were on relief. That Indian who, seeing the white man ploughing up the rich grasslands, grunted and said "Huh! Wrong side up!" had turned out to be right. Instead of opening up new areas for cultivation, the Governments of the Western Provinces made strenuous efforts to remove families from sub-marginal lands, in order that those lands might be reconverted to grass. During the first years of the recent war, the Government actually found it necessary to *support* the price of wheat.

In sharp contrast to developments in the First World War, during the second, wheat acreage was considerably reduced. On the other hand, acreage under coarse grain and flax was increased somewhat, and exports of bacon and beef increased drastically. Perhaps some of these gains can be sustained; but as European live-stock is replenished and the food emergency in Europe disappears, it is doubtful whether present exports of Canadian meats can be maintained. There is little reason to hope that opportunities for agricultural expansion in the Canadian West will afford any sizable outlet for investment.

The disappearance of the Western Frontier is not the only evidence of the increasing difficulty of finding profitable outlets for private investment in Canada. The population is no longer growing as fast as it did before the last war. The natural rate of increase has been cut nearly in half since 1921. Canadian cities, which grew over six-fold between 1871 and 1921, more than doub-

ling every 20 years, grew only 12.2 per cent. in the decade of the 'thirties. There were 601 urban communities in which the population actually declined during that period. Consequently, private investment in such fields as housing, transportation, and public utilities, formerly based in large measure on the prospect of a growing population, will be less attractive after war-deficiencies have been met than it was during the period of rapid population growth. The declining rate of population growth is reflected in the fact that only in the last two years of the boom of the 'twenties—and at no time during the 'thirties—did building permits and construction contracts reach the 1912 values.

### Accelerated Industrialization in World War II.

World War II accelerated the trend, already discernible in the interwar period, for Canada to become an essentially manufacturing, rather than an essentially agricultural country. According to the Department of Reconstruction, "in Canada, the most striking result of the war is the rapid expansion of productive capacity in the manufacturing industry".<sup>3</sup> In 1918, agriculture contributed 44 per cent of the total net value of Canadian production, manufacturing 33 per cent. When the second world war began, agricultural production had already shrunk to 22 per cent of the total, while manufacturing had grown to 39 per cent. In 1943, well over half the net value of Canadian production consisted of manufactured goods, and agriculture, despite a 60 per cent increase in the value of agricultural production, accounted for only 20 per cent of the total.

The Canadian exports problem has been well stated by Homer S. Fox, Commercial Attache of the United States Embassy in Ottawa. "Wartime industrialization has basically altered the Canadian economy. One of the world's great producers of foodstuffs and raw materials, Canada has now become a leading industrial nation as well. Many of the country's major postwar problems arise from and centre on this fundamental change". . . "Prior to World War I . . . exports of raw materials were nearly double the total exports of fully or semi-manufactured goods . . . by 1944 . . . exports of manufactures were nearly three times those of raw materials, although the latter were in turn three times the corresponding exports in 1930 . . . In addition to the great expansion of physical plant, there has been a large increase in the variety of articles

3. Department of Reconstruction, Directorate of Economic Research, *Location and Effects of Wartime Industrial Expansion in Canada, 1934-44*, Ottawa, 1945, p. 1.

manufactured and in the skill and industrial 'know-how' of both management and labor."<sup>4</sup>

The redistribution of employment demonstrates the same phenomenon. Agriculture and construction were the only major fields of employment to suffer a wartime decline. From the beginning of the war to July 1944, when industrial employment as a whole increased nearly 60 per cent, male agricultural employment fell about 20 per cent and construction employment about 12 per cent. The decline in construction can reasonably be interpreted as a temporary wartime phenomenon, but the decline in agricultural employment took place in face of an enormous increase in agricultural production, based largely on an export demand that cannot be expected to continue indefinitely at its wartime level. The decline represented a long-delayed rationalization of agricultural production and a redistribution of population to meet the new structure of Canadian national income. Over 120,000 people left the Prairie Provinces for other parts of the country during the war.<sup>5</sup> It is also worthy of note that employment in primary industries exclusive of agriculture rose only 10 per cent during the war and fell from 10 per cent to 7.5 per cent of total employment.

The shift in employment from agriculture to manufacturing, while highly desirable in the light of the factors stressed above, means that Canada has become to an increasing degree a *competitor* of the United States and the United Kingdom in the manufacturing field. Britain has declared her intention of expanding her exports at least 75 per cent above the pre-war level. The United States also seems to be counting on a continued high volume of industrial exports. It will therefore be necessary for Canada to discover specialised fields of manufacture where she has a relative advantage over both Britain and the United States, if high levels of exports are to be maintained.

### Comparison with Australia.

The Australian long-run economic problem is similar in many respects to the Canadian. Like Canada, Australia contended between the wars with a structural problem, consisting of agricultural industries designed for export markets bigger than were actually available, of production on sub-marginal land, and of low farm incomes. Like Canada, therefore, Australia is very much concerned with the level and composition of her agricultural exports.

4. H. S. Fox, "Canada's Economy in 1945." Vol. XXII, No. 3, p. 6, *Foreign Commerce Weekly*, 19 Jan. 1946.

5. Department of Reconstruction, " . . . Wartime Industrial Expansion . . . ", *Op. cit.* p. 35.

In Australia, as in Canada, wheat acreage was reduced and coarse grain acreage expanded during the war, and manufacturing output was greatly increased. Factory employment (other than governmental, including munitions, aircraft, and ships) rose from 542,200 in 1938/39 to 724,300 in 1944/45 and some 811,800 in 1947/48. Output of industrial metals, machinery, implements and conveyances, nearly doubled during the war. Australia as well as Canada has large-scale national development and social welfare schemes planned which will tend to offset any excess of savings over private investment at high levels of employment.

There are, however, important differences between the Australian and Canadian long-run economic problems. The wartime increase in total production was less in Australia than in Canada, and the expansion of industrial production was considerably less. Indeed, the distribution of net value of production among rural, other primary, and manufacturing industries was not greatly altered by the war. Rural industries lost workers to the factories, and in Australia all wheat production, as well as wheat acreage, declined; but prices of rural products rose more than prices of manufactured goods. Also, the ratio of savings to income appears to be somewhat lower in Australia than in Canada, and it is much less clear that Australia can conveniently assume the role of net lender in international finance for an extended period. By the same token, Australia is in a somewhat less convenient position to remain a net exporter over a protracted period.

(To be concluded).



## Gandhi's India.

A. G. L. Shaw.

"The idea-tight division of human activity into religious, social and political compartments is the prime fallacy of the modern world. . . . If religion is not needed in politics, where on earth is it needed?" This attitude is the key to the understanding of the aims and policies of the late Mahatma and the India that he wished to create. For his aim was not so much that she should be a great and independent nation—that was only a means; rather was he interested in saving her soul—that was his end. This spiritual aim explains many of his apparent inconsistencies, his shifts of policy, his conflicting attitudes towards Great Britain,—all those things which seem so contradictory when regarded from a purely logical, political point of view.

He first entered Indian political life during the first world war, when he undertook a recruiting campaign for Great Britain, despite his belief in non-violence. As he had practised it in South Africa, this might have been thought to be merely a novel form of political agitation, a weapon of the weak against the strong. As Professor Hancock has put it:<sup>1</sup>

"It was Gandhi's plan to win justice by compelling the authorities to enforce the law upon so large a company of willing sufferers that its iniquity, and therefore its weakness, would become flagrant in the eyes of the European community of South Africa."

But Gandhi regarded it as something more: it was a process of self-purification. But at the same time, non-violence had no virtue unless the exponent was able to fight and then resisted the temptation: therefore, his first purpose was educational.

Shortly after the war, when the British government did not grant full responsible government to India and went on to suspend civil liberties owing to the disturbed condition of the country, Gandhi decided to adopt his non-violent form of protest, based on "'Satyagraha', that is to say the force which is born of Truth and Love." He gave back his decorations.

"I can retain neither respect nor affection for a government which

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1. W. K. Hancock: *Survey of British Commonwealth Affairs*, vol. i, p. 201.

has been moving from wrong to wrong to defend its immorality . . . The government must be moved to repentance. I have, therefore, ventured to suggest non-co-operation, which enables those who wish to dissociate themselves from the government, and which, if unattended by violence, must compel it to retrace its steps and undo its wrongs."

He argued that this was 'a sacred fight,' and though he realised that the programme would involve suffering, he felt that this could not be helped,

"for the conviction is growing upon me that things of fundamental importance to the people are not secured by reason alone, but have to be purchased with suffering . . . Suffering is the mark of the human tribe. It is an eternal law, It is impossible to do away with the law of suffering which is the one indispensable condition of our being. Progress is to be measured by the amount of suffering undergone. The purer the suffering, the greater the progress."

He did not yet want to sever the British connection unconditionally, but at the same time, his faith in the good intentions of the British had been upset. He hoped by appealing to moral forces to "transcend the false realities of the world."

Congress agreed; but for them, 'mass civil obedience' even without violence was purely a political weapon.

"The British want us to put the struggle on the plane of machine-guns. They have their weapons, and we have not. Our only assurance of beating them is to keep the plane where we have the weapons and they have not."

But events proved that India did not have moral weapons either. "It is criminal to try to transfer moral force into physical force," said Tagore. But that is what happened. Whereupon, Gandhi called off the campaign and imposed on himself a five-day fast as penance.

"I know that the drastic reversal of practically the whole campaign may be politically unsound, but there is no doubt that it is religiously sound. The country will have gained by humiliation and confession of error . . . I must undergo a personal cleansing . . . Non-violent, non-co-operators can only succeed when they succeed in attaining control over the hooligans of India."

Many now regarded him as a spent force, arguing that the whole "Satyagraha" campaign had proved a failure and that only Gandhi's action in calling off the movement had prevented its complete collapse. But by 1929, Gandhi was in the forefront of the agitation over the future government of India. Congress had refused to co-operate with the Simon Commission in 1928, but following an all parties conference at Delhi in the same year, it was supporting the "Nehru Report" adopted there, demanding an immediate grant of Dominion Status. At the same time, it declared that it adhered to



the policy of independence as the ultimate goal for India, and that unless Great Britain did grant Dominion Status by the end of 1930 it would again adopt a policy of 'non-violent non-cooperation.'

Late in that year, the Viceroy, Lord Irwin, issued an invitation to the Indian leaders to attend a Round Table Conference in London. Gandhi and Congress, though welcoming this invitation at first, later took up the line that they would not attend unless Great Britain would pledge in advance the immediate grant of Dominion Status. The British government naturally refused, as this would have pre-judged the whole issue before the conference, whereupon Congress began another campaign of civil disobedience. Partly intended to put pressure on the government, Gandhi none the less hoped it would prevent bloodshed and crime.

"Civil disobedience alone can save the country from impending lawlessness and secret crime, since there is a party in the country which will not listen to speeches, resolutions or conferences, but believes only in direct action."

However at the first session of the London Conference the principles of an all-India federation, with responsible government at the centre had been accepted, with certain minor reservations for a transition period. Consequently, after a series of discussions, the Viceroy was able to make an agreement with Gandhi, whereby all political prisoners were to be released, civil disobedience would be called off and Congress would send a delegation to a second session of the London conference.

Eventually, Gandhi sailed as the only Congress representative. Arrived in London, he found a deadlock had been reached on the communal question, which was in fact eventually to destroy the hope of 'united India.'

In 1919, under the Montagu-Chelmsford reforms which granted certain electoral rights to Indians at the centre, the principle of separate electorates for Moslems and Hindus had been adopted. The Nehru report had demanded joint electorates. Congress favoured joint electorates in the interests of the unity of India. The Moslems demanded separate electorates for their self-protection. They and other communities—especially Sikhs and the 'untouchables'—feared Hindu domination under a democratic constitution. Communal riots broke out in India as a background to the discussions. A Committee was appointed to consider the problem but finally Gandhi reported "with some humiliation" that it had failed to agree. Gandhi's speech at the close of the Conference was completely pessimistic and unconstructive.

In 1932, Mr. Ramsay Macdonald announced the British government's proposals for minority representation, commonly known as the 'Communal Award.' Every community at once protested—Gandhi loudest of all. His complaint was not *against* the Moslems; it was *for* the "untouchables." He claimed that his life was bound up with their welfare, that separate representation would disrupt Hinduism, and would ensure the untouchables "bondage in perpetuity." He had always regarded them as an integral part of the Hindu community, and he was opposed to any policy which might accentuate the divisions of India, and so increase the difficulties of creating a united continent. Moreover, he looked on the caste question as a moral question, and, in the words of Professor Coupland,<sup>1</sup>

"he pinned his hopes for their advancement not on division and antagonism between them and caste Hindus but on awakening in the latter a sense of justice and duty."

To get his way he announced that he would "fast unto death" unless the award were altered, and separate electorates for the "untouchables" were abandoned.

This decision came as a shock to Congress, as well as arousing much criticism in conservative circles. Was it genuine, or was it merely an attempt to recover his prestige, which had sunk very low owing to his failure at the London conference—especially as the "outcastes" themselves had no objection to separate electorates? Did he fast so that he might be released from gaol, where he had again been confined owing to the revival of civil disobedience? Some scorn was aroused by his acquiring immediately before his fast a new set of false teeth and by the conditions in which he carried out his ordeal, "amid every incident of publicity, and luxury, with an array of doctors, nurses, appliances and comforts far beyond the range of possibility open to any but a millionaire."

Whatever the motive, Gandhi was successful. After three weeks, by the Poona pact between Gandhi and Dr. Ambedkar, the 'untouchables' leader, the proposed electoral system was amended. The untouchables were now to elect four persons of any caste and from these all Hindus would choose one. In return the number of untouchables' representatives was doubled. Thus on this question he had been able to get his way. However, the contemporary civil disobedience campaign had been a complete fiasco, and had utterly collapsed by the time Gandhi was finally released from gaol in 1933. Once more he appeared to be politically dead.

Soon after war broke out, in an interview with the Viceroy,

1. R. Coupland: *The Indian Problem*, p. 128.

Lord Linlithgow, Gandhi declared his sympathy for England for humanitarian reasons, and said that he could not contemplate the destruction of London without despair. As "one who has deliberately shunned the method of war not without considerable success," he appealed to Hitler "the one person in the world who can prevent a war which may reduce humanity to the savage state. Must you pay that price for an object however worthy it may appear to you to be?" He was thus ready to give moral support to Great Britain unconditionally, though it could only be moral support, 'since the Congress is a non-violent body.'

Not so Congress, whose working committee demanded a clear declaration from the British government pledging the ending of all imperialisms, and adding that "the real test of any declaration would be its application to the present." Gandhi felt bound to accept the policy of the Working Committee, and so refused to support the war in the absence of a clear statement of Britain's future Indian policy. The Viceroy interviewed various party leaders, but as a result all he could say was that "there remains today entire disagreement between representatives of major parties on fundamental issues." Following this discussion the Congress ministries in office in eight of the Provinces resigned.

In October, 1939, Lord Linlithgow declared that Dominion status was the goal for India, offered to associate Indian opinion with the prosecution of the war and proposed the convening of an all-party conference after the war to review the federation scheme. Congress rejected this proposal, demanding that the new constitution should be framed by Indians in a constituent assembly. With this Gandhi agreed. "The constituent assembly provides the easiest method of arriving at a just solution of the communal problem . . . It will represent all communities in their exact proportions." In January, 1940, Lord Linlithgow made another statement, re-affirming the objective of Dominion Status, and offering immediately to expand his Council to include some of the political leaders. Regarding the communal problem he declared, "Justice must be done as between the various parties and His Majesty's government is determined to see justice done." This would, of course, involve some form of compromise; but another talk between the Viceroy and Gandhi indicated that Congress was unwilling to abate its full demand; at Patna the Working Committee asserted that, "Indian freedom cannot exist within the orbit of British Imperialism," though for the moment civil disobedience was to be postponed.

After the fall of France, Gandhi still advocated pacifism. "I

think French statesmen have shown rare courage in bowing to the inevitable and refusing to be a party to senseless mutual slaughter," he wrote, and he suggested that every Briton should adopt "a nobler and a braver way" of fighting and let Hitler and Mussolini "take possession of your beautiful island if they wish." He still opposed Congress support of the war, which "would be a disaster of the first magnitude . . . If, on the other hand, the Congress sticks to its colours, it is sure to fight the way to its goal even before the war is over, provided the fight is purely, truly and demonstrably non-violent."

But the Congress Working Committee did not at first accept this advice. They now offered full co-operation in the war effort if Britain would set up a National Government at Delhi responsible to the elected members of the Central Legislature. This abandonment of the principles of "non-violence" even if only conditional, was opposed to Gandhi's policy. Nevertheless, he advised that Britain should accept the offer. This was based on the assumption that Congress represented India as a whole—which the British and many Indians denied.

In August, Lord Linlithgow stated that he intended to expand his executive council and to create a War Advisory Council, and again reiterated the desire to give India self-government "subject to the due fulfilment of the obligations which Great Britain's long connection with India has imposed on her." Again Congress objected, on the ground that this meant recognising "dissentient groups and individuals who oppose the wishes of the majority of the people of India." Whereupon Congress went back to its former policy of 'non-violence' and Gandhi resumed leadership. In a letter to Lord Linlithgow, Gandhi wrote, "Congress is as much opposed to victory for Nazism as any Britisher can be. But their objection cannot be carried to the extent of the participation in the war; . . . the vast majority of the people of India are not interested in it. They make no distinction between Nazism and the double autocracy that rules India."

This meant that both Congress, which at first abandoned non-violence on conditions and then came back to it, and Gandhi who maintained his policy, but surrendered the lead to Congress for a time, demanded the right to continue to preach pacifism. This the government felt it could not allow in time of war, and consequently many, who do not believe, as does Gandhi, in non-violence in all cases, were arrested. Gandhi was merely endeavouring to put into effect the philosophy that he had been working out during his

life. But many of his supporters were imprisoned for demanding free speech to oppose the war effort, on grounds in which they did not believe. In November, Gandhi stated that Congress would neither appreciate nor respond to any gesture the Government might make in releasing these prisoners. However, on the outbreak of war with Japan, those prisoners "whose offences had been formal or symbolic in character" were set free.

On December 30, Gandhi again resigned the leadership of the party when it again abandoned the policy of non-violence in the view of the existing world situation. Gandhi re-affirmed his faith in his non-violent policy and expressed astonishment at the change of policy—which was somewhat surprising in view of a similar change earlier in the year.

During 1942, Gandhi's opposition to Britain and the war increased. In his paper *Harijan* he opposed a "scorched earth policy"; he described the Cripps proposals as "too ridiculous to find acceptance anywhere"; he deplored Nehru's efforts to encourage Indians to resist Japan by violence, and said that Britain and India should separate. "The presence of the British in India is an invitation for Japan to invade India. Their withdrawal would remove the bait. Assume, however, that it does not; free India would be better able to cope with the invasion. Unadulterated noncooperation would then have full sway." He wrote, "I see no difference between the Axis Powers and the Allies. All are exploiters." He said that he considered the British morally wrong. "I am very sorry to have to confess to-day that my mind refuses to give her moral support." The U.S.A. was criticised too—for she could have remained out of the war but for "the intoxication that her immense wealth has produced." He seemed thus to have reached the conclusion, which he rejected in 1920, that the British connection was wholly bad for India and should be severed.

In June, Gandhi announced that he would launch a movement against British rule which "will be felt by the whole world." Congress policy was now that the British must 'Quit India' at once; if they did not, a campaign of civil disobedience would be begun. Gandhi hoped this would be peaceful, but "if in spite of precautions, rioting does take place, it cannot be helped." When the resolution endorsing this policy was carried by the Congress Working Committee on August 8, it was the signal for mass civil disobedience; Gandhi, Nehru and other Congress leaders were at once arrested, and a certain amount of rioting ensued. By the end of the year the rebellion was over. More than 900 insurgents and 41 police and



soldiers had lost their lives and damage to property was estimated at £1,000,000.

Once more Gandhi appeared to have led his cause to disaster. For three years, political activity was virtually at a standstill. Early in 1943, a three weeks fast was undertaken by the Mahatma in order to bring pressure on the British Government to change its policy, but not withstanding some fears of the effect that his death would have, it held firm, and to the general relief, Gandhi survived. In 1944, the new Viceroy, Lord Wavell, reiterated the British desire of giving India self-government at the end of the war, if the various Indian parties—especially the Hindus and the Moslems—could agree on a constitution; but he strongly reprobated the attitude of Gandhi and Congress: "I recognise how much ability and high-mindedness it contains; but I deplore its present policy and methods as barren and unpractical. If its leaders feel that they cannot consent to take part in the present Government of India, they may still be able to assist in considering the future problems. But I see no reason to release those responsible for the declaration of August, 1942, until I am convinced that their policy of non-cooperation and even of obstruction has been withdrawn."

In May, 1944, Gandhi was released owing to ill-health, but his colleagues were kept in prison. He refused to modify his attitude to Britain, still demanding an immediate national and responsible government at the centre; and his discussions with Mr. Jinnah, the leader of the Moslem League, on the Hindu-Moslem dispute were fruitless. The following year a further attempt to break the Hindu-Moslem deadlock at the Simla Conference was equally unsuccessful.

By 1946, Gandhi had become more moderate. Against a background of rising communal tension, elections for the Legislative Assembly were held, the ban on Gandhi's paper was lifted, and a new British Cabinet Mission was announced. Gandhi now appealed for patience and cooperation. "Is the official deputation coming to deceive a great nation?" he asked. "What is to be lost by waiting? It is possible that the mission will put forward an insoluble conundrum. So much the worse for them. If they are intent on finding an honest way out of the difficulties, I have no doubt there is a way. But the nation too has to play the game." He was at last willing to trust the British. Unfortunately, it still proved impossible to reconcile Hindus and Moslems, and the Mission was forced to recommend a constitution-making machinery, and a modified 'Pakistan' without securing the assent of either side. But Gandhi's criticisms were mild. He recognised a "departure from Imperialist tradition"; he



recognised British good-will; and he was growing more and more concerned about increasing violence. "The indiscriminate praise of every crime so long as it is dignified by the name of patriotism is a boomerang bound to return with redoubled force to the nation, which will have to pay heavily for it."

It now remained to try to make agreement between Hindus and Moslems, but in this Gandhi completely failed. The elections of 1946 showed the hold of the Congress and Moslem League over their respective communities, the former winning 201 out of 210 'general' constituencies, the latter 73 out of 78 Moslem constituencies. For a long time Gandhi resisted partition, but at last, in June, 1947, he and the Congress party accepted the inevitable, though hoping for ultimate re-union. Great Britain announced her immediate withdrawal from India which should be divided between India and Pakistan. Shortly afterwards Gandhi announced that he would retire from politics and spend the rest of his life in striving to heal communal ill-feeling. He conducted another fast in an attempt to stop rioting. He toured the Punjab, one of the worst areas. He feared that "insensate murders, loot and arson" might force the hands of the Governments of India and Pakistan, and lead to war. To this he was inexorably opposed, though he feared his principles were no longer being followed. "That way lies destruction . . . My way is different. I worship God, which is truth and non-violence . . . I have no place in the 'New Order' where they want an army, a navy and an air force and what not. I can never be a party to all that." He finally met his death at the hands of those who opposed his pacificism and his desire for peace with the Moslems, even at the cost of a divided India, which he had only accepted as a last resort, when, like the British, he saw no other alternative compatible with peace. He had hoped to win the Moslem League to a united India by persuasion; he shrank from trying to compel them to come in by force.

Pacifism, non-violence, was always at the root of his policy. Socially, he had a passion for simplicity. He felt that for the ordinary man town life is a bad thing, "stinting the good and bringing out much that is bad in human nature." He hoped for the development of home and village industry, so as to blot out the Industrial Revolution and return to a simple life. The fact that this might involve a lowering of the standard of living, and would do away with the benefits of industrialisation as well as its evils did not worry a man more concerned with spiritual than with material things. "By spinning there can be created the ideal society: spinning is the grand

engine for solving all social problems: by spinning can be spun the doom of urban civilisation."

Politically, he looked for a return to the village community, where the people, unconcerned with the problems of Empire, could quietly run their own affairs and the state could "wither away." Then would the individual be able to live his own life, to be free, to find salvation for his soul. As a means—non-violence, which also contributed to his end; for the practice of non-violence, the use of 'Satyagraha,' was at the same time both politically and spiritually beneficial. As he put it:

"Those who have to bring about radical changes in human conditions cannot do it except by raising a ferment in society. There are two methods of doing this—the violent and the non-violent. Violent pressure is felt on the physical being and it degrades him who uses it, as it depresses the victim; but the non-violent pressure exerted through self-suffering . . . touches not the physical body, but it touches and strengthens the moral fibre of those against whom it is directed."

Before Gandhi died, India had achieved the independence which he had sought for so long. Lord Mountbatten described him as "the architect of India's freedom, through non-violence." Possibly in some cases his policy and influence had held her back, particularly owing to his objection to cooperation in a war policy. If so, he would not worry unduly, for

"the business of a God-fearing man is to dissociate himself from evil in total disregard of the consequences. He follows the truth in total disregard of the consequences though the following of it may endanger his life. He knows that it is better to die in the way of God than to live in the way of Satan. Whoever is satisfied that the government represents the way and activity of Satan has no choice but to dissociate himself from it."

In 1940 apparently Gandhi had so satisfied himself; he wished to put into practice the principle of non-violence against all governments, against any country. But as Gandhi himself recognised, this policy is very difficult to use. In 1922 he found India unready for it; it seems unlikely that she is ready today.

Be that as it may, his death also undoubtedly removed a moderating influence and a strong force for peace from the Indian political scene. It is perhaps unlikely that the disputes with Hyderabad and Kashmir would have followed the same course had Gandhi been still alive. More than ten years ago, he had warned the Princes of their danger. "When I am gone, Pandit Jawaharhal Nehru will have no patience with you."

# Australia's Diplomatic Representation.

*George Caiger.*

Here is a brief record of the growth of Australian diplomatic representation overseas. The chronological order brings out how recently this expansion has occurred and the rapidity of post-war developments. The list also reflects the areas of our national interests.

1925		London	External Affairs Office moved from Cabinet Offices Gt. George St. S.W.1. into Australia House, Strand, Aug. 1947.
1940	February	Washington	Legation opened. Status raised to Embassy Sept. 1946.
	March	Ottawa	High Commissioner's Office.
	August	Noumea	Office of Official Representative opened. Status changed to Consulate Dec. 1945.
	November	Tokyo	Australian Legation opened. Closed on outbreak of war; Political Observer appointed in Nov. 1945 and Australian Mission established in March 1947.
1941	August	Nanking	Legation opened at Chungking; moved to Nanking in June 1946. Raised to Embassy in Feb. 1948.
	September	Singapore	Official Representative appointed; Political Representative appointed in Nov. 1945 and Office of Australian Commissioner opened in March 1946.
	November	Dili	Office of Official Representative opened. Evacuated June 1942. Consulate opened April 1946.
1942	February	The Hague	Legation. Office situated in London until Nov. 1945 when moved to The Hague.
1944	January	Wellington	High Commissioner's Office.
	April	Delhi	High Commissioner's Office.
1945	January	Moscow	Legation opened. Status raised to Embassy, Feb. 1948.
	July	Rio de Janeiro	Legation.
	October	Paris	Legation opened.
	November	Batavia	Office of Political Representative opened; status changed to Consulate-General in Feb. 1947.
	November	Bangkok	Office of Political Representative opened; changed to Consulate-General in Sept. 1946.
	November	New York	Consulate-General.
	November	Berlin	Australian Military Mission.

1946	March	New York	Australian Mission to the United States.
	May	Manila	Consulate-General.
	July	San Francisco	Consulate-General.
	August	Pretoria	High Commissioner's Office.
	August	Santiago	Legation.
	September	Dublin	High Commissioner's Office.
1947	April	Colombo	Commissioner's Office opened; status raised to High Commissioner's Office in Feb. 1948.
	October	Brussels	Australian Delegation, Inter Allied Reparations Agency. Temporary Mission.
1948	March	Karachi	High Commissioner's Office.
			South East Asia Goodwill Mission. Left Australia May 1948 and returned to Australia in July 1948.

In the sphere of international affairs, particularly through the United Nations, our situation is similar to that of Canada, which has "advanced all the way from no voice to speaking for many voices."

This quotation is from "International Journal," the quarterly publication of the Canadian Institute of International Affairs. Some other remarks in the same article, "Security Council Membership—A Challenge to Canada," apply strongly to us. Prime Minister King said, "Whether we like it or not, Canada's opportunities and responsibilities have ceased to be mainly national. They have become largely international."

Mr. St. Laurent, then Minister of External Affairs, is quoted as saying, "the growth in this country of a sense of political responsibility on an international scale has perhaps been less rapid than some of us would like . . . we shall inevitably fall short of our objective unless the policies of the government genuinely reflect the will of a large group of informed citizens who are aware of the nature of our commitment and who are constantly scrutinizing its consequences." The nature of the commitment, he went on to say, was such that "we shall be forced as never before in Canada in times of peace, to make decisions on major questions of policy arising from situations which exist far from our shores and which some may feel do not directly affect us."

## Further Notes on Middle Eastern Oil.<sup>1</sup>

Duncan MacCallum.

A world ravenous for oil to drive its industrialised economies in peace and war looks anxiously at current Middle East problems. The region—and its problems—are set in part of the “rimland”, where the policies of the U.S.A. and Great Britain, and the U.S.S.R. often clash. Both the rehabilitation of Europe and the United States policy of the containment of Soviet Russia depend on the success of the Marshall Plan and the strength of Greece and Turkey. The European Recovery Programme relies on the availability of Middle Eastern oil to the West. In 1951 80% of European petroleum requirements are to come from the Middle East.

The Middle East contains about 42% of the world's oil reserves, but the proportion of its production to world production is much lower. This tends to reflect the faster using up of Western hemisphere sources and is an important factor in enhanced Western interest in the Middle East. The American Secretary for Defence indicated the current developmental activity when he said present production of 700,000 to 800,000 barrels per day will be increased to 1,500,000 barrels per day if the present plans can be carried out<sup>2</sup>—the “if” is important in view of the Palestine problem, the

1. These notes should be read in the light of those in *The Australian Outlook*, June, 1948, as some material therein relevant here has not been restated. The sources for these notes include various issues of *The Economist* and its *Record & Statistics Supplement*, *The Nation*, *The National Petroleum News*, *The New Statesman and Nation*, *The New York Times*, *Petroleum Times*, *United States News and World Report*. Also Baldwin, H.: *The Price of Power* (Harpers), New York, 1947; Feis, H.: *Petroleum and American Foreign Policy* (Commodity Research Institute), Stamford, 1944; Brodie, B.: *American Security and Foreign Oil*, F.P.R., xxxiii, 24, 1/3/48, Pub. F.P.A., N.Y.; Kimche, J.: “Iraq Breaks with Britain”, *The Nineteenth Century and After*, 856, clxiii, June, 1948; Hamilton, T. J.: *Partition of Palestine*, F.P.R., xxxiii, 23, 15/2/48. (These contain material on oil and general strategic questions). *The Middle East Journal*, especially articles by Monroe, B.: “British Interests in the Middle East”, April, 1948; and Sanger R.: “Ibn Saud's Program for Arabia”, Jan., 1947. *International Affairs*, especially work of H. A. R. Gibb, A. S. Eban and Sir A. Hearn. For problems of development: Heymann, H.: “American Aid to the Middle East” (*The Fortnightly*, Feb., 1948); Holme C.: “The Middle East: A Depressed Area” (*Petroleum Times Review of Middle East Oil*, June, 1948; other parts of this supplement have also been used); Bonnè, A.: *State and Economics in the Middle East*; *A Society in Transition* (Routledge and Kegan Paul), 1948; Warriner, D.: *Land and Poverty in the Middle East* (R.I.I.A.), 1948.

2. N.P.N., 40, 3, 21/1/48 p.lc1&2. *Economist* (clv. 5488, 30/10/48, p. 715) quotes, 1,050,300 barrels per day as the output for the first half of 1948.

social and political changes in the predominantly Moslem, agricultural region, the power vacuum which tends to be created by the altered British economic position and the dualistic policies of the United States with the Soviet eagerly hoping to capitalize on divisions and chaos with modern devices of cultural penetration.

At present 53% of Middle Eastern reserves are estimated to belong to British, 41% to American and 6% to French interests. None of these concessions expire formally until 1999.

The figures, however, to be significant, have to be supplemented by a brief indication of the areas of the activity of various national oil interests.

Between the two world wars American oil companies, affirming the principle of the Open Door, secured a share in English, French, and Dutch arrangements for concessions in the former Ottoman Empire. By 1939 the oil of Iraq was in the hands of the Iraq Petroleum Company comprising Standard Oil Company (N.J.), Socony Vacuum Oil Company (23 $\frac{3}{4}$ % between them), the Anglo-Iranian Oil Company (23 $\frac{3}{4}$ %), the Royal Dutch Shell Group (23 $\frac{3}{4}$ %), the Cie Française des Petroles (23 $\frac{3}{4}$ %), and a 5% interest was held by Mr. Gulbenkian in return for negotiation services. These companies held through the Iraq Petroleum Company and subsidiaries the rights over all Iraq, and in 1947 received rights in Transjordan.

In Iraq the main field was discovered at Kirkuk in 1927. Pipelines were built to Haifa and Tripoli, the main ports of Palestine and Syria, the then Mandates of Britain and France respectively. Thus Palestine was involved directly in oil politics. These pipelines could produce about 90,000 barrels a day. The 1941 rebellion interrupted production but after it the I.P.C. planned to duplicate the pipelines to Haifa and Tripoli. The Palestine dispute put a stop to the work when it was almost finished. It would have trebled production on the basis of past rates: 12 million tons could have been exported in 1949. In June this year it was announced that an extra, bigger line was to be built from Kirkuk to Tripoli.

I.P.C. subsidiaries obtained a concession in Syria and also had exploration permits in Palestine. A rich find was reported at Kiffouth in Syria this year, and the Negeb is the area of interest in Palestine.

The Sheikdom of Kuwait, an independent state under British protection, in 1934 granted a concession to a company comprised of the Anglo-Iranian Oil Company and the Gulf Corporation of America—the oil is mostly refined at Haifa. The area is said to have huge reserves exceeded only by those of the U.S.A.—and the first American “independent” to penetrate into the Middle East



has recently obtained a concession there and has State Department encouragement. The other major oil areas in the Middle East, except for Iran, are dominated by American companies.

The oil of the independent Sheikdom of Bahrein—also under British protection—was developed after 1934 and by a Standard Oil Company of California subsidiary later associated with a California Texas Company subsidiary. The production was 4½ million barrels in 1936, is now 9 million; refinery capacity was 10,000 barrels, is now about 150,000. The American interest was obtained after strong "open-door" pressure on the British Government, and links American interests with Iranian politics, since a stock in trade of Iranian nationalists, often encouraged by the Soviet, is to assert Iranian claims to Bahrein.<sup>3</sup>

American oil interests are also involved in Iranian events through the agreement in December 1946 between Standard Oil Company (N.J.) and Socony Vacuum and A.I.O.C. The two American companies agreed to buy crude oil from A.I.O.C. and also to join with A.I.O.C. in a subsidiary to build new pipelines (and to provide otherwise unobtainable pipes) from Iranian fields to the Persian Gulf and to the Mediterranean. The Mediterranean line will deliver 20 million tons a year. This line apparently has received preference over the Arabian line in steel supplies from America.

Perhaps the best known American concession is that in Saudi Arabia obtained in 1933 and extended in 1939. The concession was obtained by the Standard Oil Company of California and after 1936 the Texas Company acquired a half interest. In 1944 the Company became the Arabian American Oil Company (ARAMCO).

During the War the American fears of a domestic oil shortage, together with navy interest in Middle East oil<sup>4</sup> and a company request for government assistance to meet the financial requirements of King Ibn Saud caused the American Government to consider building a large pipeline from Abqaiq in Saudi Arabia to the Mediterranean. After opposition to government ownership and opposition by American independent companies who feared the competition of imported oil, the proposal was dropped,<sup>5</sup> only to be recently revived by ARAMCO as a company venture.

The success of the Saudi Arabian field and this proposal strained the Red Line Agreement which members of I.P.C. had concluded in 1928. They had agreed to act only through jointly owned oper-

3. *Econst*, R&SS, iv, 86, 4/9/48, p. 205; *Econst*, clv, 5480, 4/9/48, p. 370.

4. The Navy is currently interested in M.E. oil output and policies. *NYT*, 21/4/48, p. 54.

5. V. Bolles, B.: *Oil—an Economic Key to Peace*, F.P.R., xx, 8, 1/7/44.

ating companies in all matters relating to the exploration of and production of crude oil in an area approximately that of the old Ottoman Empire. The agreement was to be construed according to, and governed by English Law.<sup>6</sup>

The proposal that the Standard Oil Company (N.J.) and Socony Vacuum participate in ARAMCO and its pipeline scheme allegedly involved these companies in a violation of the Agreement. It was claimed that since France had been enemy occupied territory during the war the Agreement was no longer binding. The French company had objected, fearing that Saudi Arabia expansion might prejudice I.P.C. interests, but, after threatening a law suit, was reassured by arrangements to increase I.P.C. production—presumably through refinery building and the new I.P.C. lines. Meanwhile ARAMCO offset the delay in incorporating these new partners and their capital by borrowing to finance the pipeline.

The 1200 mile Arabian pipeline to the Mediterranean—called Tapline—was to increase the throughout production capacity of the Arabian field to 300,000 barrels a day. It would have been a cheaper means of transport than tanker and would have repaid its cost within a year. The reserve of oil in Saudi Arabia is estimated at one fifth of total Middle East reserves nearly equalling that of Iran; its current output is over half Iran's. The line was to meet the Mediterranean near Sidon by 1949, but transit rights granted by the Syrian Government were not confirmed because of Syrian and Arab League opposition to American support for partition. Work was also held up by failure to obtain a permit to export steel from America in June this year—because of opposition by independents and apparently mainly because those associated with the armed services policy finally regarded Arabian oil as insecure strategically and preferred that the steel should be used domestically or in tankers. The strategic issue was thrown up by the steel issue and pointed by the effect of the Palestine problem<sup>7</sup> on the Arabs and the fears of the Soviet in the Middle East—a major reason for the abandonment of partition.

The I.P.C. Kirkuk Haifa lines have had to be abandoned at least for the time being. At Christmas, 1947, bombing damage closed the Haifa refinery for a month. It opened again but closed in April after disturbances among Jewish and Arab employees. In May pumping was interrupted. The trouble was not only intermittent pumping but world wide shortage of refinery capacity.

6. Feis, *op. cit.*

7. For the development of military views as revealed in Congressional Committees, see, e.g., *NPN*, 40, 5, 4/2/48, p. 41; *NYT*, 1/5/48, p. 25 c. 4, 10/5/48, p44c3-4-5, 7/5/48, p5c1; *Nation*, 166, 24, 12/6/48, pp651-2; *PT*, lii, 1521, 27/3/48, p330.

The refinery at Tripoli at present handles much less than at Haifa, though it was reported that the French partner in the I.P.C. was planning to increase refinery capacity at Tripoli, and though plans had been made for the increase of Haifa capacity. The closing of the refinery affected the Jewish economy considerably. Syria and Lebanon received about 40% of their oil from Haifa but half of Haifa's output was consumed locally. In May it was estimated that the annual loss of refined production caused by Haifa's idleness was 70 thousand tons of motor spirit, 2 million of fuel oil and 1 million of gas oil and kerosene.

After various informal complaints the Israeli Government in June complained to the United Nations that Britain had deliberately closed the refinery to embarrass the Jews, but was willing to leak oil to Transjordan. This was vigorously denied by a local spokesman but in England it was not explicitly denied.

Late in May the Israeli Government had been reported to have guaranteed oil to the Arabs if the Arabs provided oil for the refinery. Apparently this was not taken up, as early in June oil experts were extremely doubtful that the refinery or line would be quickly available.

In July, during the truce period, no agreement could be reached for the demilitarisation of Haifa which was to be regarded as a free port. The attempt was inspired by the urgency of Europe's oil requirements, and Moscow objected, presumably as this would strengthen European recovery. There was some conditional agreement by the Arabs, but Iraq finally refused to transmit oil if Haifa remained Jewish. Later the Jewish Government offered facilities for the use of Haifa but vehemently opposed its passing out of Israeli jurisdiction to be an international port.

By the end of July, the Government of Israel had reopened the refinery. In reply to protests from the British Government about its confiscation the Israeli Government argued that it was using the installations in the emergency needs of Israel, offered to pay for their use and denied that it had confiscated them. Before the Mandate ended the British Government had asked for assurances regarding the protection of property of British firms, specially mentioning the I.P.C. The Arabs were, however, prepared to close the pipeline permanently,<sup>8</sup> so that Israel would have to turn to Rumania for oil. Iraq protested that Israel's working of the refineries violated the truce. An Israeli mission was reported to be in Washington pressing for tankers to bring crude oil from the

8. NYT, 30/7/48, p9c1. Israel established diplomatic relations with Roumania. An Israeli spokesman referred to the oil question in Washington (NPN, 18/8/48, p. 11).

Persian Gulf and was said to be willing to allow the normal peacetime distribution of refined oil—with the favourable results this would have for Europe. But the refinery had to close for lack of crude oil—it apparently was being brought secretly from the West to the refinery.

In April, 1948, the I.P.C. had been granted concession to run a pipeline through Palestine by the Palestine Government. There was considerable surprise that this was done so near the end of the Mandate, apparently to commit a future government to acceptance or compensation. The U.N. Palestine Commission reserved its opinion on this matter and it was assumed that the British Government had let it drop. The Under Secretary of State for the Colonies told the House of Commons late in April that there was no question of a new pipeline concession but negotiations were in progress between the I.P.C. and the Palestine Government for permission for the Company to bring in oil from new areas in Iraq and from Transjordan. The Company said it was a long run measure. There had of course been rumours of rich oil deposits in the otherwise barren Negeb, and this together with British strategic conceptions was regarded as a factor in the wish that the Negeb should be outside the Jewish state, and this was the recommendation in the second Bernadotte plan.<sup>9</sup>

Thus Palestine problems impinge on oil development. But oil politics also affect Palestine policy. The abandonment of Partition by America was stated to be due not only to the fear of introducing Soviet military strength as part of any international force policing Palestine but to fear of antagonising the Arabs, owners of the oil lands.<sup>10</sup> Certainly the American Secretary for Defence thought Partition policy had jeopardised America's Middle Eastern oil. Syria, the Arab League and Ibn Saud's second son, as distinct from Ibn Saud, had threatened withdrawal of permits and support for the oil companies who were reported to be trying to influence U.S. policy and to reverse Partition with a Secretary for Defence reported personally sympathetic to their interests.<sup>11</sup>

The dilemma of America was vividly expressed by Senator Wayne B. Morse who told a group of Middle East specialists, trying to formulate a consistent policy that "America's current whirling dervish policy in the Middle East must go. We can no longer

9. The Report was summarised in *Econst*, RC-SS, iv, 89, 25/9/48, p. 271, and discussed in *Econst*, clv, 5483, 25/9/48, p. 484-5.

10. This view is expressed in various issues of *The Nation* and *The New Republic* by Zionists, such as Dr. Silver (*NYT*, 22/3/48, p10c2-3), and by Sumner Welles (*We Need Not Fail*, qu. *DM*, 8/6/48), and by the Soviet Deputy Foreign Minister in the UN (*NYT*, 31/3/48, p1c1).

11. This was, for example, the view of the Wallace Vice-Presidential candidate, Senator Taylor (*NYT*, 22/3/48, p15c4).

take a pro-Zionist line regarding Palestine on Monday, a pro-British line on Tuesday, and a pro-Arab line on Wednesday. We must develop and project the American line." The dilemma is best understood by considering the altered power situation in the Middle East over the last few decades. This can be examined in the light of the position of Britain, America, Soviet Russia and the state of the region itself, especially in the light of modern views on dependent areas. Britain has no longer her former imperial strength. The effects of military exhaustion and the sale of foreign capital assets have been reinforced not only by increasingly adverse terms of foreign trade and some technically obsolescent high cost industry but also by the independence of India and Burma and withdrawal from Egypt and Palestine. The Middle East area was more important to Britain as a laneway for commerce than as a centre of it. The recent war showed that the Mediterranean was no more a "lifeline." Apart from the secession of India and Burma, it is less valuable when exposed to land-based aviation and mines and perhaps Suez is even more vulnerable in an age of atomic bombs and supersonic rockets. In view of the statements of the British Prime Minister and the British Foreign Secretary it would be untrue, especially so since the enunciation of the Truman Doctrine, to say that Britain has withdrawn from the Middle East.

The region is now perhaps seen more as a buffer to the development of British power in Africa. The development of Kenya and activity in Cyprus are facets of this. Another is British policy in Tripolitania where the Americans have—to the Soviet's annoyance—the air base Mellaha, and in Cyrenaica (bases at Tobruk and Benghazi). Trans-African routes and African resources generally are being developed. But this is a long term policy with many difficulties. For instance British views on the future of the Italian colonies have to take account of French-Arab policy,<sup>12</sup> attitudes of metropolitan France towards Italy as well as perhaps, until recently, the attitude of Italian voters in America as reflected in party platforms. Moreover, African economic development involves harmonising benefits to the metropolitan power and modern non-exploitative conceptions of colonial treatment. Britain needs the Sheiba and Habbaniya bases of Iraq. The latter is said to be the only base in the Middle East which enables fighter protection and bombing operations on all Russian lines of approach through Iran and Turkey and is at the same time<sup>13</sup> far enough from Russian

12. On the question of the Italian colonies, see NYT, 20/5/48, p4c3-4, 15/9/38, p1c3, p12c8, 16/9/48, p4c4-5; NSC-N, xxxvi, 910, 14/8/48, p126; p 15, 18/9/48, p230; *Econst*, R&SS, iv, 82, 7/8/48, p117; *Econst*, clv, 5487, 23/10/48, p619.

13. Kimche, *op. cit.*, p305.



airbases. Iraq is the northern position between perhaps Karachi and the Indian Ocean, and East Africa. The new Anglo-Iraq Treaty this year however was not validated because of Iraqi nationalist reaction, and has prejudiced the chances of further alliances with the Arab States.<sup>14</sup> The 1946 British Treaty with Transjordan had to be liberalised this year.<sup>15</sup> Even if we regard the Middle East as a merely complementary buffer to British plans for defence in depth in Africa, in the short run there is a danger of a power vacuum. This is not contradicted by reports that the decision to leave Palestine was political, not military, that British strategists hope to have a clear line of communications through an Arab Negeb to Transjordan.

Sustained British attempts to preserve her influence and her oil by cultivating the Arabs must have received a set back with American Palestine policy. It appears from the discussions on oil and steel that earlier this year many of those concerned with American strategy thought not only that their oil did depend on Arab friendship but that the oil—and the Middle East—were defensible in any war with the Soviet Union. There is some support for the view that there are more doubts about this now.<sup>16</sup> It has even been suggested that a revaluation of American policy may be required by the military success of Israel—possibly in the direction of less emphasis on Arab friendship, or possibly with an emphasis on generating goodwill by economic and social development. It has been argued that the Arabs in the recent world war were only reluctant allies, and, perhaps not altogether compatibly with this, that they have too much to lose in revenues to be hostile to America and England or to endanger their oil, and, perhaps more cogently, that alliances with present Arab rulers would not necessarily ensure the friendship of the Arab masses, if revolutionary forces gain ground appreciably.

Three decades ago American interest in the Middle East was mainly cultural—such as the Beirut University. Today instead of having these interests—or as in the late twenties and the thirties — shares in oil concessions — in an area looked after by another power, her assumption of an international role, her concern over her domestic oil position and the views of some that the Middle

14. *Ecomst*, cliv, 5447, 17/1/48, p89; 5449, 31/1/48, p173; *R&SS*, iii, 54, 24/1/48, p64; 55, 31/1/48, p86.

15. *R&SS*, 62, 20/3/48, p246.

16. The steel export permit was to be reconsidered in September. The writer does not know the decision (but see n. 17). ARAMCO proposed an addition to its steel requirements to make a technical alteration favouring a higher ratio of oil flow to steel used (*NYT*, 3/9/48, p33c5). It also had proposed to build a short pipe-line to the Persian Gulf and carry the oil thence to the Mediterranean by tanker (*NPR*, 118, 16, 19/4/48, p6).



East oil is a possible solution, her present prosecution of the Marshall Plan give her direct material stakes there. Policy on these issues and policy on Palestine have to be reconciled. America is gradually taking over Britain's mantle in the Middle East, though there is a tendency still to regard Britain as the policeman.

However, if<sup>17</sup> the American defence authorities have decided that Middle Eastern oil is not a strategically reliable investment, American interest may swing more sharply to Arctic and South American oil exploration and exploitation, as well as to that of United States tideland oil.<sup>18</sup> In this case the Middle East power vacuum might be even worse, but the harmonising domestically of American foreign policy might be easier.<sup>19</sup> The trend in the use of Middle Eastern oil is to replace American and other Western Hemisphere exports to the European market—but this depends on the oil being available to the West.

American policy is of course affected by Russian policy. Soviet Russia combines Czarist expansionist tendencies with new techniques of cultural and political penetration. The Soviet is probably not so much positively interested in Middle Eastern oil<sup>20</sup> as concerned to prevent the strengthening of potential opponents—and at present to hinder the European Recovery Programme—the more permanent "geopolitical" interest in warm water ports on the Persian Gulf and Eastern Mediterranean.

The extent of Soviet influence on the Middle East is too complex a subject to be discussed adequately here, but the presence of political elements influential in the State of Israel which have shown Soviet sympathies should be noted. This may be explained partly by the original and continued support of Partition by the Soviet (whatever its motives). The reported interest of Israel in South Eastern European oil and supply of fighters and arms from Czechoslovakia<sup>21</sup> suggest that ties may be created which it may be difficult

17. *Econst.* clv, 5488, 30/10/48, pp715-6, suggests that the pipeline plans are going ahead, although it mentions steel difficulties. An A.B.C. bulletin (12/11/48) contained a statement that the "Arabian Oil Company and the TransArabian Pipeline Company have announced big plans." But the expenditure mentioned was about the same as the estimate for the previous programme. The strategic element in the decision to encourage these plans would have to weigh the effect of a successful Marshall Plan against long run vulnerability.

18. On the events and problems of South American oil see Brodie, *op. cit.*; USN&WR, xxiv, 24, 11/6/48, pp. 26, 7; NYT, 11/3/48, p. 15c6; NYT, 49, 27, 7/7/48, p. 16; *Econst.* liv, 5464, 15/5/48. On underwater oil see USN&WR, xxiv, 19, 7/5/48, p. 21; PT, lii, 1326, 5/6/48, p. 572.

19. Governor Dewey was reported to be committed to the *de jure* recognition of the State of Israel, and economic aid to it, but not to the second Bernadotte plan which was excluded from the bipartisan agreement (NYT, 11/9/48, p. pc8, 1/10/48 p. 1c677). The fact that the election was won without the support of New York Jewish vote, and that the electorate endorsed the Marshall Plan may affect U.S. policy.

20. See *Australian Outlook*, June, 1948, p. 105.

21. NYT, 2/9/48, p. 8c4; DM, 6/11/48.

to loosen. On the other hand interest in American capital and loans might pull towards the West — and this might be reinforced if Palestine were re-admitted to the sterling area. The fact that the Jews have had to assume the role of social revolutionaries may lead to a society in which a combination of Talmudic and Socialist law find expression. There could be social democracy or a political system more susceptible to, and compatible with, Soviet influence.<sup>22</sup>

On the other hand recently an important Soviet writer Ehrenberg<sup>23</sup> has apparently started to woo Arab goodwill—Zionism has been disowned and the State of Israel labelled "bourgeois". The loss of rulers' prestige following recent military defeats and the confusion of rapid changes in American policy may make the Arab masses receptive.

A sub-committee of the American House Foreign Affairs Committee concluded there was "no serious danger of immediate Communist control of the Middle East, thought the desire of the people was merely for a measure of reform within the regular governmental framework and was not related to any . . . foreign ideology". The danger seemed to be the influx of technicians and soldiers who could use the opportunities created by the Arab Jewish struggle. It has been said that Soviet technicians are present at the oil installations in Haifa.

In the Middle East the Soviet confronts, as it does not in Europe, an area with a lower standard of living than it can offer. Western technological intrusion into the Middle East has altered the stationariness and the mores of Moslem society. Increased urbanisation and the creation of an artisan class may have brought many Arabs into conceptual contact with Soviet broadcast<sup>24</sup> and written criticism of the west, which the Arabs have encountered mainly in a context of exploitation without appreciating western forms and values. The same "nationalism" which makes foreign help difficult can be used by the Soviet.

It has sometimes been argued that, if America had been prepared very generously to finance economic development and rising living standards in the Arab Middle East she could have reconciled the Arabs to Partition and could have seen a region in which Arabs and Jews were friendly and reliable neighbours of the pipelines.

22. NYT, 27/7/48, (C. L. Sulzberger's article), 12/9/48, p5c7, 8; *Econst*, clv, 1471, p. 9; Tweedy, O., "Partition in Palestine" (*Fortnightly*, cmlxxiii, N.S., Jan. 1948, p. 13).

23. NYT, 22/9/48, p4c7.

24. The writer does not know whether many Arabs have wireless receivers. But the Soviet and Britain both publish and broadcast. (NYT, 7/3/48, p1c6). The fact that nearly half the population of Israel originated east of the Oder may favour the absorption of propaganda in the Slav language.

Iraq however was willing to incur a serious deficit in fighting Israel in "a sacrifice which Iraq cannot escape to attain her sublime aims", though it meant the loss of the equivalent of £1 million stg. in royalties and income incidental to oil operations.<sup>25</sup> King Ibn Saud, it is true, was so tied financially to the oil companies that his opposition to Partition did not lead him to cancel concessions or protection. But his second son thought they should be cancelled—an important straw, given the possibility of dynastic rivalry when Ibn Saud, who is not young, dies, in a region where politics are largely personal. Moreover Ibn Saud himself refused to draw the balance (\$15 million) of a U.S. Export-Import Bank Loan, because, according to an official spokesman, of the attitude of the American Government: "We feel we would like to get assistance from a friend and not from someone helping our enemy".<sup>26</sup>

These contradictions to the view that conflicts could have been avoided by a more generous America may also dispose of some of the more general criticism of British pro Arab policy. Here the more valid criticisms might be those that the British Government associated too exclusively with the conservative elements in Arab society and did not seize the opportunities created by the wartime Middle East Supply Council to perpetuate economic co-operation and facilities for technical advice more adequately than in the Middle East Office.

More generally the problem of economic development involves that of social change — without active interference in another government's internal affairs. The Arab reaction to Partition (only one phase of long standing hostility after all), apart from the related but distinct religious factors, can perhaps be seen, more impersonally as the reaction of a "feudal" economy and society (especially in so far as the Arab rulers and landlord as distinct from fellahin and sharecroppers are concerned) to the changes implied in the fairly rapid and energetic economic life of the Jews. The problem would then be reformulated as trying to ease the tensions of change, while enjoying its benefits.

Again and again blueprints for irrigation and agricultural developments have foundered on the rock of inefficient public service organisation, often active corruption and refusal to modify land tenure systems—the political expression of resistances to social and economic changes which are prerequisites to successful<sup>27</sup> develop-

25. *PT*, lii, 1332, 27/8/48, p. 837.

26. *NYT*, 17/8/48, p6c7. For the earlier financial relations between the U.S.A. and Saudi Arabia, see *NYT* 22/5/48, p13c8; Van Alstyne, R.W.: *Arabian American Entente*, CH, 13, 73, Sept. 1947.

27. "Successful" by the criterion of the attainment of high material living standards by the application of technology.

ment. Given ignorance and inertia, a real problem exists in ensuring that subsidies and help do reach a broad base of the general population and are not purloined or disbursed on short run purposes. In an attempt to overcome this sort of difficulty Heymann has suggested a scheme similar to the Stettinius plan in Liberia according to which a definite proportion of profits is paid into a fund earmarked not for the ruler's own use but for educational and developmental purposes.<sup>28</sup> The unratified Anglo-American oil agreement contained a proposal for a developmental bank along these lines.<sup>29</sup>

Members of both the British Foreign Office and the American State Department have spoken of the need to develop the economies of the Middle East countries—and create for these peoples a higher standard of living.<sup>30</sup>

As free enterprise America takes over the mantle of semi socialist England, she may have to assume some of these functions of discreet planning of change in the Middle East, to give effect to these sentiments. Paradox or not, it is already happening. America impressed with the strategic importance of Iraq and its exposure through the threat of internal social disorder to Soviet infiltration, is reported<sup>31</sup> to have submitted to Britain a plan for a large world bank loan to Iraq for agricultural development and water control—but Britain may not welcome the accompanying suggestion that Iraq is to be under American not English supervision. In 1946 the pact of Arab states referred to co-operation on financial, economic and social questions.

Of course, the past achievements and present activities of the companies in Saudi Arabia and Iran should not be underestimated. ARAMCO and the A.I.O.C. apart from the employment and income created by their operations and royalties have fostered health, irrigation and agricultural services, the subsidising of new occupations and technical training. Indeed some authorities believe that the companies are the best available channel for giving developmental assistance.<sup>32</sup> On the other hand the internal problems of distribution and efficiency may point to some international establishment, which would be subject to and have the assistance of some public pressures in its relations with the assisted governments.

28. Heymann, *op. cit.*, p. 100.

29. Warriner, *op. cit.*, p. 139.

30. Mr. Bevin (e.g. *NSC-N*, xxxi, 795, 18/5/46, p. 353) and Mr. Loy Henderson, then Director of the Office of Near Eastern and African Affairs (*MEJ*, Jan. 1947, pp. 85, 6).

31. Kimche, *op. cit.*, pp. 308, 9.

32. See, e.g. on ARAMCO research report, *NYT*, 10/9/48, p. 65; Sanger, *op. cit.* Also see A.I.O.C. Reports and *PT Review*, *op. cit.*

Middle East countries perhaps would be more amenable to co-operation with non-profit organisations than with companies whose "odor of oil" is so abhorrent to some western-zenophobic governments. Several international bodies with potential relevance already exist.

In February 1948 the Economic Committee of the Economic and Social Council of the United Nations set up a Committee to study the formation of an Economic Commission for the Middle East. The Committee, with the Soviet dissenting, decided in June that the Commission should be established. Arab states had objected to the membership of the Great Powers, to all foreign influence, and the other Great Powers agreed. Afghanistan, Egypt, Ethiopia, Greece, Iran, Iraq, Lebanon, Saudi Arabia, Syria, Turkey, and Yemen were to be charter members. However, the seventh session of the Economic and Social Council in July-August 1948 deferred consideration of the establishment of the Commission. Taken in conjunction with the toning down of Arab dynastic rivalries and the attempted formation of an Arab bloc in the United Nations the move together with the delay epitomises the cross currents. The whole interwoven texture of the region's internal characteristics and its significance and relations to east and west make a solution even more urgent, even more difficult.

*Note:* It is reported (SMH, 1/11/48) that Britain has abandoned her insistence that the Negeb go to the Arabs, but has insisted on Bernadotte's recommendation that Haifa be a free port. The Negeb change was regarded as a modification in British policy to bring it more in line with U.S.A. policy.

## International Understanding on Radio Frequencies.

P. C. Greenland

The doctrine of the social contract, introduced by Hobbes and developed later with immense effect by Rousseau, was an attractive idea, containing elements of permanent validity. Purely individualistic activities, so the argument ran, tend inevitably to defeat their own ends; hence men must limit their individual freedom by agreeing to respect the rights of others. By so doing they will attain to the fuller freedom of order, in which they will find a vastly greater scope for the fulfilment of their capacities.

If *Le contrat social* had been written in our own time we may feel certain that the establishment and activities of the International Frequency Registration Board would have been hailed as a signal illustration of its central thesis. Within the precisely delimited field of the allocation of the radio frequency spectrum all the essential elements of the social contract are present. There are the individual interests potentially in conflict with one another, there is the agreement to forego action on a purely individualistic basis and respect the rights of others, and there is the result in the opening up of broader possibilities of action for all. It is a kind of model of the moral universe. It interestingly throws into relief certain aspects of the moral situation.

The establishment of the International Frequency Registration Board is likewise interesting from the standpoint of international affairs. In that aspect it represents the achievement of comprehensive international unanimity on an extremely difficult problem, and is a model of what could be done on a broader basis if the essential unity of national interests were as clearly recognized in economics as it is in technology. No less that seventy-two sovereign states and countries more or less independently responsible for the conduct of their foreign relations are parties to the arrangement, and though in a formal sense it does not compromise the principle of national sovereignty, in effect it represents the introduction of an important supra-national control. The following notes briefly indicate some of the main features of the position.

One of the facts which make the frequency allocation problem especially interesting is that it presents the alternatives of co-operation and chaos so uncompromisingly. Within the limits of the radio frequency spectrum the number of frequencies available is technically fixed, and interference will occur if two stations within radio range of one another employ the same frequency for transmissions at the same time. The demand for frequencies is enormous. There are the regional and international radiotelegraph, radiotelephone and facsimile services, the short and long range broadcasting services (including now the FM and television services), the coastal, maritime and aeronautical radiocommunication services, the maritime and aeronautical radionavigation services and the industrial, scientific and medical uses of radio, plus all the



new uses of radio connected with technical and defence developments now emerging out of the experimental stage into practical reality. Over the whole of this immense field, extending geographically round the entire world, today's techniques employ intricate high-speed automatic equipment which is extremely sensitive to interference. Unless the most meticulous care were taken by everyone to keep out of everyone else's way the whole vast radio structure would collapse in confusion.

Because the number of frequencies available on the spectrum is fixed, it represents today only a fraction of total demand. However, step by step with the development of the problem a solution was found in a complicated system of sharing, and matters stand in that position today. For the purposes of the system the spectrum is divided into bands, which are assigned to different purposes and areas, and the bands are shared out on a geographical and time basis. Two or more stations, for instance, are able to share the same frequency if their ranges do not overlap, or, where they are long-range stations, by using the frequency at different times of the day. In addition technical expedients are employed which afford assistance. Over the years, as demand expanded, the whole thing has been gradually worked out in these and other ways, and on the whole everybody keeps to the rules.

By the end of the second world war it was widely felt that something in the nature of comprehensive re-planning was desirable. The whole position came up for consideration at the big series of international telecommunications conferences held at Atlantic City in 1947, and after protracted discussions agreement was reached on proposals for the rationalization of frequency allocation generally. Provision for the International Frequency Registration Board was written into the Atlantic City International Telecommunications Convention, which abrogated and replaced the long series of antecedent general conventions on telecommunications, and comprehensive directives to the Board were incorporated in the Radio Regulations and other instruments adopted under the Convention. Subject to certain provisos, it was decided that the new machinery should come into operation on 1st January, 1949.

The Board, as its title implies, is a recording, not an executive body; under the Convention its powers are limited to registering and advising. In the language of its charter, its functions are "to effect an orderly recording of frequency assignments made by the different member countries . . . with a view to ensuring formal international recognition thereof," and "to furnish advice . . . with a view to the operation of the maximum practicable number of radio channels in those portions of the spectrum where harmful interference may occur." However, it is perhaps significant of the importance attaching to the Board's functions that in the new Convention the Board is the first of the specialized organs of the International Telecommunications Unions to be mentioned. The three older permanent organisations of the Union, the International Telegraph Consultative Committee, the International Telephone Consultative Committee and the International Radio Consultative Committee, have their existence provided for further on in the text.

Probably the principal directive to the Board is the Table of Frequency Allocations incorporated in the Radio Regulations. This specifies the purposes for which the constituent bands of the spectrum may be used, and, where necessary, the regions of the world in which the specified uses must be observed. To be acceptable to the Board for registration, frequency assignments by member countries of the Union must be made in conformity with the Table. The

Table represents a broad allocation of the total spectrum on a planned basis. Its preparation at Atlantic City involved an enormous amount of work.

It is interesting to notice that under the new arrangements the assignment of frequencies to particular stations and services still rests with the member countries themselves, though with the difference that assignments must be made in accordance with the Table and the rest of the Regulations. It is noteworthy too that the Regulations authorize groups of countries to conclude special arrangements for the sub-allocation of frequencies within the broader allocations prescribed by the Table. This takes us back to the remarks made a moment ago concerning the functions of the Board, and to the general observations with which these notes began. The Board is simply a co-ordinating agency, and has no mandatory powers. It may tender advice, but cannot compel its adoption. Though membership of the Union imposes a duty of conformity, fundamentally the compulsion upon which the whole system rests is the logic of the situation itself. In a world in which national sovereignty remains a fact the alternative to mutual consideration, at any rate as regards the use of radio frequencies, is general frustration.

For these and other reasons the Board is a strictly neutral body. In the language of the Convention, its members must serve as custodians of an international public trust, not as representatives of their respective countries. They are forbidden to request or receive instructions from governments, organizations or persons, and the members of the Union are enjoined by the Convention to refrain from attempting to influence them in the exercise of their duties. Members of the Board are elected at administrative radio conferences which under the new Convention are to be held quinquennially. The first election was held at Atlantic City last year. One of the members of the first Board is an Australian.

A large amount of preliminary work is being done to bring this new machinery into operation. In particular action is proceeding on the preparation of a draft new International Frequency List to provide a basis for the definitive list which the Board will need before it can function effectively. This massive task is in the hands of the Provisional Frequency Board, which has already been working on it for the better part of a year. The general idea of the draft list is to bring existing allocations into line with the Atlantic City table. Many changes will be involved and the problems are proving difficult to settle.

The major conferences at which the big political issues are being decided are today occupying the forefront of the international stage, and it is their decisions which will chiefly influence the immediate shape of things to come. But it is well to remember that highly significant discussions are going on all the while in the background. In fact one might even say that some of the background discussions will in the long run alter the general quality of life much more profoundly than the political wrangles which are occupying all the attention. Thus radiocommunication in all its forms, cutting everywhere across national boundaries in its effects on individual lives, is probably doing as much to make our world different from the world of fifty years ago as almost any half-dozen political factors put together. And the same might be said of international progress in many other branches of technology. The establishment of bodies like the International Frequency Registration Board is therefore something which a general awareness of international affairs should take into account.

## International Congress on Mental Health.

O. A. Oeser.

Four months after VE Day, in September, 1945, the first post-war international gathering of psychologists, psychiatrists and experts in education took place in Zurich. It had been organised by the Federation interested in the child victims of the war, and its sponsors had hoped that concrete suggestions and even a permanent organisation might be one of the outcomes of this conference. To everyone except the Swedes and Swiss the conference had an air of almost miraculous unreality about it. After six years one was for the first time in a beautiful, clean city, unscarred by bombs. For the first time, one was talking of construction rather than destruction. It is true that the ex-enemy countries were not represented, but we all had great hopes of having an interesting and constructive time.

But nothing came of the conference (except that some people may have been stimulated to individual efforts in their own countries). The reason was that everyone was still so profoundly under the influence of the war years that his mind could not detach itself sufficiently. The Poles, French, Belgians, and Italians, for example, all read papers, the great bulk of which was taken up with agonising descriptions of the horrors that they, and particularly the children, had undergone. The Swedes were apologetic, and instead of saying what they could do or what ought to be done, explained how impossible it had been for them during the war to do more. The Swiss, being the hosts and being by habit sympathetic and polite, did nothing to break these circles of introspections. The British were willing to help, but a bit vague as to how to start, and, in any case, felt that compared with the horrors of Warsaw, Rotterdam, Norway, they had come off lightly. The Dutch and Norwegians, who had also suffered bitterly, were the only ones who were active, practical, realistic, without expressing bitterness and hate.

Three years later, in August, 1948, the International Congress on Mental Health took place in London. This Congress provides a measure of the almost incalculable difference which these three years have made in the outlook of professional people concerned with mental health in its widest sense. In these three years, too, UNO, with its World Health Organisation, its Food and Agriculture Office and UNESCO, has made tremendous strides towards bridging the chasms opened by the war, and turning to peace and reconstruction. It is well to remember this since many people read in the newspapers only of the continuing and chaotic political debates, and they forget that behind the work of the Security Council and the General Assembly, these large practical organisations are getting on with their jobs. Another development is that UNESCO has been getting into its stride. Many of the movers and organisers of the International Congress on Mental Health have in these past three years had something

to do with either UNO or UNESCO, and that may be one of the reasons for both the size and the success of the Congress.

Comparing it with that first abortive Congress in Zurich, four major features are at once obvious: (1) the huge attendance of some 2,000 delegates belonging to 54 nations, the only conspicuous absentee being the U.S.S.R. (2) the exceptionally careful work of various national preparatory commissions in which it is estimated that at least 5,000 people participated. (3) from the outset it had a practical aim: to formulate general principles and practical proposals applicable to mental health in its widest sense everywhere. (4) careful organisation, plenary sessions with full discussions, as well as sessions for specialists for which printed papers were distributed and the members of which could undertake visits to the type of institutions with which they were concerned, and at which many films were shown.

The Congress was divided into plenary sessions and specialist meetings or discussion groups. It was really three conferences in one, the International Conferences of Mental Hygiene, Child Psychiatry, and Medical Psychotherapy, and was organised by the National Association for Mental Health (Great Britain). Each of the three conferences was held under the auspices of an international committee of the Federation which, in turn, represented a grouping of many national bodies concerned with these particular fields. One of the most remarkable and hopeful aspects of the Congress was that in many countries preparatory commissions got to work as soon as the Congress was announced. Some countries had more than one preparatory commission. They consisted of groups of specialists in Psychology, Psychiatry, Child Welfare and Psychotherapy, who met to discuss general problems from the points of view of theoretical foundations and practical issues. As a result of the work of these preparatory commissions, the Congress functioned smoothly, most papers had been prepared well in advance and, in the specialist groups, were circulated in printed form.

It is obviously quite impossible to give a full account of the proceedings of the Congress here. The proceedings will come out in four volumes. The first volume will contain the history of the Congress, that is to say, its sociological implications, together with studies on the methods of conducting group discussions and how the groups functioned, and the next three the proceedings of the three international conferences. It may be of interest, however, to glance briefly at some of the topics discussed. The plenary sessions were arranged first under a general "theme", and then by a number of "topics".

In child psychiatry, the theme was personality development and its individual and social aspects, with special reference to aggression. Some of the topics: aggression in relation to emotional development; aggression in relation to family life; the community and the aggressive child; collective guilt. This last topic is clearly very important for the re-education of the Germans and the Japanese. Unless the citizens of a nation can feel some individual responsibility and thus achieve a notion of "collective guilt", the path of re-education is not likely to lead very far. In Germany, for instance, many former convinced Nazis have changed their minds under the impact of events; but they blame Hitler or their leaders instead of realising that their own actions or at least their acquiescence made Hitler and the Nazi system possible.

In the field of mental hygiene the theme was mental health and world citizenship. Some of the topics: problems of world citizenship and group relations; the individual and society; mental health in industry and industrial relations. I think these topics suffice to show that the problems discussed were not only exceedingly important in themselves, but have direct relevance to present world affairs.

UNESCO was also represented at the Congress. The head of the project on "Tensions Affecting International Understanding" addressed the delegates. This project is concerned with the world-wide study by teams of psychologists, workers in the field of mental health generally, economists, historians, and other social scientists of the underlying factors that in their inter-action produce tensions between groups, both within a community and at an international level. Several projects are being financed by UNESCO and a report has been made by almost every country on research work in progress.

Some sixteen Australians, six of whom were doctors and six post-graduate students, attended the Congress. No preparatory commission was active in Australia, and only one of those attending had been sent over by an official body concerned with mental hygiene. This is some measure of the lack of interest being displayed in this Commonwealth towards the problems of mental health. It is to be hoped that the situation will be changed. Victoria, especially, is in no position to congratulate itself on the provision of psychological and mental hygiene services. One of the conclusions and recommendations of the International Congress was the formation of a World Federation for Mental Hygiene. It is to be hoped that Australia will lose no time in forming a local affiliate and in contributing through this to a solution of the world's problems.

NOTE: The Congress was attended by Mr. E. C. Dyason on behalf of the Australian Institute of International Affairs. Mr. Dyason kindly forwarded to Australia by air-mail the papers on which the above review is founded.—Editor.

## South Pacific Commission Session.

*J. M. Ward*

The meeting in Sydney from October 25th to November 2nd of the Second Session of the South Pacific Commission will serve as a reminder of the smooth efficiency with which this new international body has got under way.<sup>1</sup> Since the meeting of the first session in May, 1948, the Agreement establishing the South Pacific Commission had been formally ratified by France and the Netherlands. The Agreement having been ratified by all participating Governments, the Commission was formally established as a permanent organisation. The work of the second session was largely devoted to completing the machinery of the Commission, approving its budget and settling generally the outline of the Commission's activities until the next session.

Comparison of the reports of the First Session (May, 1948) with those of the Session just completed bear witness to the solid and considered work of the Acting Secretary-General (Mr. J. R. Kerr) and of the Working Committee. The Second Session was able to decide the permanent seat of the Commission (which is to be Noumea), to appoint the principal officers of the Commission, to establish the Research Council, to consider detailed projects in the work programme, to approve the budget, to settle questions of voting procedure, to arrange for a meeting of the South Pacific Conference and to consider a great number of miscellaneous items incidental to setting the work of the Commission into top gear.

### Senior Appointments.

At the conclusion of the Second Session senior appointments were announced by the Commission.

The principal permanent officer of the Commission is the Secretary-General. At the preparatory conference of the South Pacific Commission (Interim Organisation) held last November, much time was devoted to discussion of the qualifications required in the appointee. The selection of the Commission fell on Mr. W. D. Forsyth, M.A. (Melb.), B.Litt. (Oxon.), of the Australian Department of External Affairs. Mr. Forsyth, who had been Australian representative on the U.N.O. Trusteeship Council, assumed office on November 1st, 1948.

The Deputy Secretary-General is Mr. H. E. Maude, of the British Colonial Service. Mr. Maude has served for the greater part of the last 19 years in the

1. For the earlier record of the South Pacific Commission and its establishment, see articles by T. P. Fry ("The South Seas Conference, 1947") and J. M. Ward ("Collaboration for Welfare in the South-West Pacific"), both in *The Australian Outlook*, vol. 1., No. 1 (March 1947). For documents on the South Seas Conference and the S.P. Commission Agreement, see *Current Notes on International Affairs*, vol. 18., Nos. 1 and 2 (Jan. and Feb., 1947).



Pacific. He is known for his interest in anthropology and since 1946 has been Resident Commissioner of the Gilbert and Ellice Islands Colony.

Much of the Commission's most important work will be in research, for which considerable provision has been made in organisation. The Research Council of the Commission consists of the Deputy-Chairman, who is to be a full-time official, directing the research and supervising the execution of the Council's programme, and of three full-time members. In addition several experts in the fields of health, economic development and social development have been invited to act as part-time members of the Research Council. Article VII(22) of the Agreement provides that the Research Council is to elect a Chairman from its own members.

Professor L. G. M. Baas Becking, formerly of Stanford University, California, and of Leiden University, Holland, has been appointed as Deputy-Chairman of the Research Council. So far the names of only two of the three full-time members of the Research Council have been announced. They are Major E. Massal (France), who is to work in health matters, and Dr. H. G. MacMillan (U.S.A.), whose field will be economic development.

The Commission will meet next in May, 1949, at its permanent headquarters, which are to be established soon in Noumea. A meeting of the South Pacific Conference, established under the Commission, is expected to be held in April, 1950.

#### Work of the Commission.

The work of the Commission is advisory and consultative, not administrative. A great part of its activities will necessarily be devoted to research. The Second Session of the Commission has amended the provisional work programme adopted by the First Session. Considerable emphasis has been laid on the importance of ensuring that the Commission's work will not merely duplicate that of other agencies and on establishing categories of urgency in the research programme. For example, high priorities have been given to problems of sea and air transport, the supply of essential goods throughout the area, the mechanisation of the copra industry and certain health problems. The Commission will take cognisance of the food production potentiality survey to be conducted in New Guinea.

Subsequent articles in *The Outlook* will examine in detail the work of the Commission as it develops.

## Book Reviews.

THE SECOND WORLD WAR; Vol. 1: THE GATHERING STORM. By Winston S. Churchill. (Cassell. pp. xv+640).

"Volume I of Mr. Churchill's memoirs of the Second World War is devoted to an examination of the events which led Britain to a point where war with Germany became once more inevitable; to the drama surrounding the actual outbreak, and to the first seven months which ended in Mr. Churchill becoming Prime Minister." Thus says the publisher's blurb; and this is assuredly a summary to which no one can take exception.

It is important, none the less, to emphasise what this book is not. It is *not* the series of disjointed, jumbled, unconnected remarks published under the same title in certain of the daily newspapers. It is hard to imagine a worse picture of the work as a whole than that given by these extracts, which might easily have the effect of putting off many people from buying and reading the whole. This would be regrettable, for in the memoirs is much that is very wise and very thought-provoking, as well as a great deal of information with letters and memoranda, now published for the first time; and all written in Mr. Churchill's best style, full of verve, alive, exciting, so that the story loses nothing in the telling.

Amongst the wealth of matter and ideas, one notes with interest the revelation of the character and some of the prejudices of the author. We note his attachment to the institution of hereditary, constitutional monarchy; his regret that Germany did not follow the British example in this respect, either in 1919 (p. 21) or in 1931, when Chancellor Brüning's hopes of defeating the political extremists by such a plan, were largely frustrated by the objections of the aged President, Marshal Hindenburg, to any monarchical scheme other than the unconditional restoration of the Kaiser (p. 49). Likewise Mr. Churchill retains his full faith in Imperialism. Amongst so many of his prophecies which were regrettably right, it is a little refreshing to note that he can occasionally be wrong—for example, in his ideas on India, over which he definitely split with the Conservative party in 1931 (p. 53).

That he was always strongly opposed to Communists is well-known; "if I had been a Spaniard they would have murdered me and my family and any friends" (p. 167), and he argued that "it is part of the Communist drill book . . . that Communists . . . should help into office . . . weak Governments. These they should undermine, and from their falling hands snatch absolute power and found the Marxist state" (p. 166). Sometimes, such views lead to bias in his story, as when he tells of the "Soviet armies who advanced to subjugate Poland" (p. 12) without mentioning the provocation they received from the aggressions of the Poles. However, regarding the Soviet government he is entirely realistic, and condemns the failure of the British government to make Triple Alliance of Britain, France and Russia against Nazi Germany, for he always kept a singleness of purpose in his views on foreign policy.

Throughout the inter-war period, he regarded Germany as the potential aggressor, and it was always to the German menace that his thoughts turned. His policy may be summed up as follows: redress German grievances, persuade her to be friendly, but never, never allow her to regain her armed strength. Hence he blames the British government for doing exactly the opposite—permitting her to re-arm, while not redressing legitimate grievances and imposing

fantastic reparations burdens; and though we may suggest that he was optimistic in hoping that Governments would redress the grievances of a weak and disarmed state ('all Governments always say they will never yield to force, history shows that in fact they never yield to anything else'), if the supreme object was to prevent war, even at the cost of some injustice, the policy had much to commend it.

This pre-occupation with the German problem naturally led to different attitudes to the League of Nations. When in the late 'thirties, Germany was clearly marked out as the aggressor, Churchill could collaborate closely with supporters of 'collective security.' This he calls his 'Arms and the Covenant' period (p. 170); though he is rightly critical of some of the 'internationalists' in Liberal and Labour circles for their continued opposition to British re-armament. But at the same time, he was less worried about aggression elsewhere. "The British Government were right to keep out of Spain (p. 167); his attitude to the Italian aggression in Abyssinia was equivocal (p. 130):

"In the fearful struggle against re-arming Germany which I could feel approaching, I was most reluctant to see Italy estranged, and driven into the opposite camp . . . More could perhaps be got out of the vindicated majesty of the League than Italy could ever give, withhold or transfer. If therefore the League were prepared to use the united strength of all its members to curb Mussolini's policy, it was our bounden duty to take our share and play a faithful part. There seemed . . . no obligation upon Britain to take the lead herself . . . One thing was certain. Half measures were useless to the League and pernicious to Britain."

Hence he had little time for the British policy which both estranged Mussolini, demonstrated the futility of the League and lowered her own prestige. His views are remarkably similar to those put forward more than a century ago in Lord Castlereagh's two great State Papers of 1812 and 1820<sup>1</sup> when he contrasted the precise provisions against a particular aggressor (France), contained in the Quadruple Alliance treaties, which "have a professed object; define the steps taken in pursuit of that object, and declare the stipulated Force by which that object is to be obtained and secured", with the vague desires of some of the continental powers for a "Universal Alliance for the Government of the World", which

"has never yet been reduced to practice, and if an opinion may be hazarded from its difficulty, it never can . . . Unless we are prepared to support our interference with force, our judgment or advice is likely to be but rarely listened to and would by frequent repetition fall into complete contempt".

Interference, to be effective must be by all, but

"there is a doubt whether that extreme degree of unanimity . . . upon all political subjects would be either a practicable or a desirable principle of action among the Allied States, upon matters not essentially connected with the main purposes of the alliance. If this identity is to be sought for, it can only be attained by a proportionate degree of inaction in all the States, and interference should only be attempted in a few, stipulated, vital cases."

Compare Mr. Churchill (p. 176):

"Advantage is gained in war and also in foreign policy . . . by select-

1. quoted, H. Temperley and L. M. Penson: *Foundation of British Foreign Policy*, documents, C.U.P., 1938, pp. 39-63.

ing from many attractive or unpleasant alternatives the dominating point . . . an 'Overall Strategic Objective'. . . Failure to adhere to this simple principle produces confusion and futility of action, and nearly always makes things worse later on . . . My mind was obsessed by the impression of the terrific Germany which I had seen and felt in action from 1914 to 1918 suddenly becoming again possessed of her martial power while the Allies . . . gaped idle and bewildered".

Hence he wished to rally the country to oppose this menace.

"We must oppose the would-be dominator or potential aggressor; Germany . . . fill unmistakably that part; the League of Nations rallies many countries, and unites our own people here at home . . . to control the would-be aggressor" (p. 164).

He was right in his diagnosis then. He goes on to compare our present situation with that of ten years ago, changing the name of the 'Potential aggressor', and he wishes to use the United Nations Organisation in the same way to resist it (p. 165). The only question is whether his diagnosis—the "Overall Strategic Objective"—is now equally correct.

Of the many other points of interest in this volume one might mention the early work on 'radar' and anti-submarine equipment; the abdication crisis; the author's relations with Mr. Baldwin, described as "the greatest party manager the Conservatives had ever had," (pp. 26, 157, 173); his greater admiration for Mr. Chamberlain, especially after war had broken out, and his regret at the resignation of the Prime Minister in the spring of 1940—and this despite their sharp differences over the policy of appeasement. Needless to say, Mr. Churchill is a bitter critic of this phase of British policy and argues that Mr. Chamberlain's flights to Germany not only squashed the last hope of the overthrow of Hitler by his own Generals, when a plot to do so was on the point of being carried out, but also definitely allowed Germany to increase her relative strength in armaments during the following year.

"The question has been debated whether Hitler or the Allies gained the more strength in the year that followed Munich. Many persons in Britain who knew our nakedness felt a sense of relief as each month our Air Force developed and industrial preparations for war continued . . . But these improvements were petty compared with mighty advance in German armaments" (p. 263).

But it might be argued, that during the year gained, British preparations went on, so that when war did come, we were far closer to the period of mass output.

Be that as it may, it must be emphatically stated that we have here a work of the first rank, a document of the greatest interest and importance. It should be read and studied by every serious student of international affairs, for, alike in its stimulating ideas and original information, it is a veritable treasure house.

—A. G. L. Shaw.

WORKSHOP OF SECURITY. By Paul Hasluck, 1948. (F. W. Cheshire, Melbourne and London. 121 pp.).

This tightly-packed and closely-written book on the working of the Security Council provides a very valuable survey, both of the applications of the United Nations Charter to current problems, and also the mood in which the Security Council is operating. Mr. Paul Hasluck, as former counsellor in charge of the Australian mission to the United Nations, had almost an unrivalled opportunity

of examining the work of the Security Council. His undoubted sincerity, integrity and objectivity make his comments of particular importance at this stage in the development of international relations.

There are three tests, however, by which a book such as this can be judged.

- (1) The correctness of his description of the machinery.
- (2) The understanding of the factors that limit the successful working of the United Nations.
- (3) The realisation of the reasons why solutions to international problems are difficult to reach.

Mr. Hasluck, while contributing considerably to the first test and assisting in an understanding of the second test, avoids a consideration of the issues which are imperilling world peace today. It is not the author's job probably to discuss the third test, but often the reader feels a sense of unreality about the discussions of the United Nations organisation, because they are set in a circle so confined as to be unreal, and so limited as to tempt the author to avoid seeing the difficulties of the problems involved. The United Nations organisations, as Mr. Hasluck rightly emphasises, "Is a piece of organisational machinery which obtains its power and drive and its capacity to do good, not from anything magical in itself, but from the Nations who use it." This is both a limitation of the work of the Security Council, and a reservation to be considered throughout a description of the Security Council.

Attention is given to the national difficulties involved, but no consideration to the economic forces which occasionally, even in the present relationship between the U.S.S.R. and the U.S.A. are playing an important part. At times one, therefore, gets the impression that Mr. Hasluck is arguing in a circle as for instance when he writes:

"The fundamental issue is adherence to the proposition, based squarely on the Charter, that the Security Council, as an organ of the United Nations, is to act on behalf of all Members and in conformity with all the Purposes and Principles of the Charter, and its duty is to take prompt and effective action for the maintenance of international peace and security. No purely national interest can run counter to this duty. If in the work of the Council the serving of national interests is the primary concern the veto will continue to be used, and, even if there were no veto, other means of obstruction would be found. If the Charter method of international co-operation on a basis of principle is followed the veto will be used less and less.

"Its immoderate use flashes a danger signal to us that the machinery of peace lacks the basic conditions necessary for its functioning. Our job is not to tinker around with the signal but to attend to the crisis of which it is warning us."

Such a quotation tends sometimes to lead to a failure to recognise not so much the limitations of the U.N. Constitution, but the unreality of most discussions which do not keep in mind the basic problems. It is not the purpose of this review, nor it is Mr. Hasluck's necessity to discuss the basic issues. However, occasionally Mr. Hasluck makes comments, for example on the behaviour of Gromyko which obtain their validity, not only from the immediate behaviour at the Security Council, but from the author's judgment of Russian policy in international affairs.

The reader feels that too much emphasis is placed by Mr. Hasluck on the environment at the Security Council. This is particularly so in Chapter 10

"An Arena in New York", where he does not make it clear that much of the manoeuvring at the Security Council arises from the failure—the almost inevitable failure—to deal with the basic causes of division between the United States and the United Nations.

Implied, however, in Mr. Hasluck's description is a belief that ideological differences between Russia and the Western world should not prevent the development of constitutional methods of settling international disputes.

The above comment will, of course, be answered by the statement that the questions raised are beyond the scope of the book. Once we recognise that we are not advancing very much further our solution of international problems by a mere recognition of the limits of the book, then we are in a better position to appreciate thoroughly the very valuable job that Mr. Hasluck has done.

The important points that he makes are the emphasis on the fact that he Security Council being established by agreement among the United Nations must be examined "not in a vacuum but in a world of practical politics, of uncertainty, of differing ideologies, of national rivalries". Secondly, the development of the U.N. Constitution, especially the emphasis on the power of the existing situation rather than positive dangers.

It is easy to sneer at U.N.O.—that way lies a drift to war; to add particular failure to failure, so that we are gazing however not at perfectionist peace, but at the crater caused by an atomic bomb. It is easy to escape from the immediate problems by doodling new world constitutions—that way lies futility. Easy to drift into belief that the atomic bomb be dropped on Russia before Russia is ready—that provokes the very world destruction we are trying to avoid. Easy also to personify America as an imperialistic gangster—that hardens our thought processes so that we do not make the persistent search for a solution, and in particular do not recognise that American proposals on the use of atomic energy was an epoch-making modification of the notion of national sovereignty; and it is easy to pose a British Commonwealth as an exclusive *alternative* to U.N.O., but there is no meaning in that political wandering. All absolutes today are dangerous; the United Nations is being strangled by those who delight in posing dilemmas or weaving vicious circles. But to quote from a recent book by Professor Morris Ginsberg, "The essence of the matter is the recognition that the circles are vicious and that to break them a simultaneous and concerted attack at different points is necessary".

There can be no question that Mr. Hasluck adds considerably to our knowledge of the means by which the circle may be broken in more than one place.

—Lloyd Ross.

AUSTRALIA. Edited by C. Hartley Grattan. (University of California Press, 1947. 444 pages with index).

This compendium of our evolution is one of the series styled the United Nations series, of which seven have appeared and nine are in production. The survey ranges from the beginning, the first group of 1,024 persons, 717 bond and 307 free, to the modern social-democratic community, scarred by two world wars and the great depression. The Parts are entitled, the scene, historical, constitutional and political development, economic and social development, cultural, Australia and the Southwest Pacific, the second World War and after.

Designed primarily as an introduction to overseas readers, its objectivity enables Australians to distinguish the wood from the trees in which, currently, some of us feel rather "bushed".



For the early days, Dr. Eris O'Brien clearly presents the principal conclusions reached in his major, pioneer work. J. M. Ward shows how the development of pastoral economy destroyed the concept of Australia being a mere penal colony. The reviewer hardly feels courageous enough to challenge the weight of learning represented by twenty-nine authorities, but some points of editing might be improved in a later edition. Chapter IV, an excellent survey of social and political changes produced by the gold rushes and the emergence of developments towards Federation, does not go to 1901, as advertised, but stops rather abruptly at 1891. The result is that Federation itself appears neglected. Other points are that the surname of one contributor and the Christian name of another are wrongly spelled.

There is little overlapping. Such reiteration as does occur stresses certain basic issues. It does not irritate because the writers approach the same issues from different angles. For example, anyone living in post-war Australia cannot fail to appreciate how deeply the memory of the depression years affects attitudes towards current problems.

Professor Bailey examines the Australian constitution as a typical Federation and says "the greatest problem of the Australian constitution still seems to be how to adjust the division of powers to the requirements of an advanced industrial democracy."

In the chapters on party politics and public administration, one is struck by the absence of neutral ground in public life, also by the lack of interest in political theory among a people with a reputation for political experiment, though perhaps the one explains the other.

The brilliant review of foreign policy by Sir Frederic Eggleston is based on the geopolitical factors of a Western culture set in an alien sea, and the dualism arising from membership of the British Commonwealth and nascent nationhood. As he remarks, "Australians have never felt that co-operation meant subservience."

Competent accounts of the major forces in economic development bring out the need for a rural policy in terms of modern world trade and their relation to the rapid growth of secondary industries. On this subject, Brian Fitzpatrick presents a rather partial picture, over emphasising monopolies and overseas investments. Colin Clark deals with communications, employment in the professions, commerce, finance, the expanding tertiary industries. His statements are well supported by statistics.

Professor Butlin explains the Australian banking system, but unfortunately was also assigned the task of including public finance and fiscal policy. The essentials have been skilfully isolated. For overseas readers it throws light on the long term trends of government policy as since revealed.

Dr. Lloyd Ross provides a detailed and accurate account of the role of Labour, so essential to any understanding of Australia. The editor notes the absence of a strong middle class as an outstanding factor in our social structure. He describes its characteristic role as that of a buffer between the contemporary group with oligarchical tendencies and the working class, affecting but not defining the social balance.

In the cultural field, too, the assertion of democratic principles and egalitarian ideals is noted. One might quote Bishop Burgmann on religion, as also being apposite on cultural influences generally, "The older traditions do not quite fit the new generations in a very different land."

Overseas readers will get a clear understanding of the Australian educational systems from the chapter by Dr. K. S. Cunningham. The chapters on the native

peoples and Australia's interest in the South Pacific Islands round out the picture, as they include accounts of contemporary policies. In writing on post-war reconstruction Dr. Coombs explains why Australian representatives have emphasised the need for the more advanced nations to collaborate in maintaining high and stable levels of employment within their economic systems.

This is a mixed book. The speed of events makes it almost impossible to produce a large book that is really up-to-date, but it is a considerable achievement. Even those engaged in research will find the chapters of value in their own fields. The formative influence of the environment is clearly brought out. The difficulties of the Australian continent, with its wide areas and low fertility demanding railways and irrigation, created a demand for Government aid rather than developed individualism. The scale was too big for any individual. So we get a picture of a people cradled in 18th century traditions, when those traditions were already dying overseas; bred by 19th century world capitalism and brought to early maturity by the struggles of the 20th century.

—George Caiger.

**BURMESE ECONOMIC LIFE.** By J. Russell Andrus. 1947 (Stanford University Press. \$4.00).

This book, issued under the auspices of the American Institute of Pacific Relations, is partly economic geography and partly economic history and partly neither. In his preface Mr. Andrus says his purpose is "to present a survey of the basic facts and statistics of the Burmese economy as it existed in 1939-47." If it had been possible to persuade Mr. J. S. Furnivall to bring out a third (and, I trust, handsomely revised) edition of his *Political Economy of Burma*, Mr. Andrus's own book might not have been produced. The reasons for Mr. Furnivall's reluctance are not given. Possibly he discovered that postwar Burma defied description. However, he liked, in the past, to dwell on the happy days before Burmese "society" began to "decay". So it may be that, with medievalism once more in the ascendant, Mr. Furnivall considers his work completed.

Mr. Andrus, on the other hand, is not so much given to nostalgic longings. On page 14 we do read, however, that "the Burmese social and economic system was decaying even prior to the advent of the British." But having dropped this pinch of incense on Mr. Furnivall's altar, Mr. Andrus pushes on to progress and arithmetic. But there is a snag. "Unfortunately," says Mr. Andrus, on page 24, "the 1941 Census officer remained in Burma during the evacuation of 1942, and with him remained almost all data except for two papers . . . There has been no report, up to May, 1947, of the recovery of census records since the evacuation of the Japanese." The great bulk, therefore, of Mr. Andrus's statistics are drawn from periods well before 1939, and neither he, nor anyone else, has a clear idea of the details of Burma's economy under the Japanese. If this is not plainly understood, readers will, I rather think, be misled.

Mr. Andrus devotes only one chapter to "The Economic Consequences of the Japanese Occupation". This ought to be the dominant theme of the book inasmuch as it is the only theme with present relevance. A second theme might well be "The Probable Economic Consequences of Nationalism". Mr. Andrus knows this as well as I do—and there are a number of sentences in his book to prove it. But it is a subject over which he would rather draw a veil composed of optimistic hypotheses. Instead of viewing unpleasant probabilities we are accordingly taken for a promenade through rainfall statistics, the statistics of religious belief, and other harmless flora. We are told (page 37) that in the

decade before the war "education was making great strides." This is considerable news to me. I was in charge of the teaching of English in the University. If, however, Mr. Andrus means "strides backwards", then we are in complete agreement. In fact, with the war, education has been ruined. The rising generation is intensely ignorant. A number of Burmans told me in 1946, that they did not know what they could do to ensure even the most modest education for their children. There is, of course, nothing that they can do. I therefore have no scruples in denouncing the easy vacuity of some of Mr. Andrus's generalisations—for example, from his last chapter: "The enthusiasm and energy released by Burmese nationalism, together with the attainment of political independence, which enables this nationalism to be directed into constructive nation-building channels, will undoubtedly help to inspire Burmans to make their country economically self-governing". Enthusiasm, like patriotism, is not enough. And how can a country which has risen to such affluence as Burma once knew, only by means of a vast external trade—how can such a country be "economically self-governing"?

A minor point of interest to Australians is to be found on page 39. Mr. Andrus remarks, "About 100 graduate students are being sent annually to British and American universities as State Scholars. The first large group to enter American Universities arrived in February, 1947." When enquiries were made some years back, the Government of Burma was refused permission to send even one student to Australia. Now that every student of merit—pre-war vintages, I mean, because the post-war are hopeless—has gone elsewhere, Mr. Macmahon Ball has been sent to attract a few to Australia.

I do not think the U.S. would smile upon a paragraph in a letter to me from an indigenous correspondent. "Government is nationalising part of the timber industry, and the whole of the Irrawaddy Flotilla on the 1st June. They have not yet (May 17th) decided what compensation the I.F. are to have; neither have they the faintest notion where to find the money."

I have strayed a little from Mr. Andrus, but the quotation from my correspondent illustrates two matters of prime importance in the economy of Burma, which are not too prominent in Mr. Andrus's jungle. Firstly, there is, and must be, a place for foreigners in Burma, if the country is not to relapse into pretty complete barbarism. *The Economist* (3/4/48) has a paragraph on this topic which is more to the point than many pages of Mr. Andrus's prose. But the uncoordinated efforts of a handful of academics are no substitute for a settled and intelligent administration. Secondly, what the top-hat was in Victorian days, nationalisation is in these. It is the hallmark of respectability and *de rigueur* amongst cannibal kings. Mr. Andrus gives insufficient attention to this phenomenon as it appears in Burma.

Sydney, June 7, 1948.

—F. W. W. Rhodes.

## Institute Notes.

### Message from Commonwealth President:

May I bring to the attention of the members of all Branches our obligations to obtain corporate members. As you will recollect, the Institute as a Commonwealth body responsible for all our activities and affiliations on a national basis, is at the moment largely financed by a grant from the Carnegie Corporation. This grant, however, is on a decreasing scale, our arrangement with the Corporation being that we shall from our own resources replace the grant over three years. To achieve this a special sub-committee of the Commonwealth Council has prepared a plan whereby each Branch shall progressively take up its proportionate obligation. It has been agreed that each Branch shall pay to the Commonwealth Council one-tenth of all corporate membership fees for the year ending 1949, one-quarter for 1950 and that thereafter they shall be shared equally between the Commonwealth Council and the Branches. The core of this plan is the securing of corporate membership progressively from the present up to 1950 on the basis of £10/10/- per corporate member. The allocations and present numbers are as follows:—

	Target	C.M.
Victorian Branch .....	66	12
N.S.W. Branch .....	66	30
Queensland Branch .....	28	
S.A. Branch .....	20	
Tasmanian Branch .....	10	
W.A. Branch .....	10	
	<hr/> 200	

It is clear, therefore, that if we are to maintain this Institute as a worthy national body, each of our Branches must undertake without delay the building of its corporate membership.

It is realised that it is necessary to offer certain services in order to secure both corporate and ordinary members and the problem, therefore, can be solved only by an attack on several fronts at once. The General Secretary is not only attempting to expand these services, such as notifying Branches of available speakers, assisting in the production of "The Outlook", but is anxious to assist in the various States in the work of securing corporate members. Mr. Caiger is anxious, when opportunity offers, to visit States which are undertaking this work, and helping in direct contact with firms and institutions. There is, however, an obligation upon us all to move in the matter ourselves, particularly in those quarters where our personal approach is of the greatest value. As this long-term financial plan is apt to be overlooked because it is long-term, may I urge that immediate attention be paid to it so that our future activities will not be jeopardised. The expected forthcoming conference in Australia in 1950 demands for its success a well established and vigorous national Institute.

—R. J. F. Boyer.

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